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ABSTRACT

The U.S. Department of Labor and the Japanese Ministry of Labor cooperatively reviewed the employment policies in the two countries in an attempt to promote understanding and cooperation between them and to develop the human capacities of workers in both countries. The report is composed of four parts: (1) Introduction, (2) Policies and Programs in the United States, (3) Policies and Programs in Japan, and (4) Conclusions. The problem of labor shortage, as seen from somewhat different perspective in the two countries, has led to a reexamination of educational and training systems for both the needs of the individual and those of the economy. The most striking difference between the two cultures is the status of youth: where in Japan he is sought after as an intern for the future, in the United States he competes on the basis of what he is worth in the short-run. Both countries are concerned with problems of underemployment, monotonous work, and job satisfaction. The study shows four main policy developments now emerging in the two countries: (1) a strengthening of the relation between employment and general economic policies, (2) positive efforts to promote mobility and the potential of workers, (3) training of individuals who otherwise would not contribute to the economy, and (4) closer collaboration between government and private groups to provide training. (MU)

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日米両国の雇用政策　日米雇用共同研究報告書

EMPLOYMENT POLICIES OF THE UNITED STATES AND JAPAN

REPORT OF THE JOINT UNITED STATES-JAPAN EMPLOYMENT STUDY

1968

JAPAN
MINISTRY OF LABOR

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UNITED STATES
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INTRODUCTION

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INTRODUCTION

1. The Joint United States-Japan Employment Study was conducted under the agreement reached between the United States and Japan at the 6th Joint U.S.-Japan Committee on Trade and Economic Affairs held in Washington in September 1967. On the basis of this agreement, the governments of the two countries have improved their understanding of the problems of employment by an interchange of information and views, by an exchange of statistical and other data which constituted the factual basis for the joint study, and by the holding of joint meetings. The Joint Working Group on the Joint U.S.-Japan Employment Study held its first meeting in Tokyo in January 1968 and its second meeting in Washington in the Fall of 1968.

The results of these exchanges, between the U.S. Department of Labor and the Japanese Ministry of Labor, are published as the Report of the Joint U.S.-Japan Employment Study.

2. The purpose of the study was to review the various policies on employment in the two countries from the viewpoint of respect for the human being and development of the national economy and, by doing so, to promote mutual understanding and cooperation between the United States and Japan and to contribute to the development and realization of the human capacities of workers in both countries.

3. Both governments are promoting policies designed to cope with labor shortages, to adjust to technological change, to improve labor mobility, and to expand employment opportunities in ways appropriate to

economic developments in their two countries. Related to these efforts are the special problems of jobs for middle-aged and older workers, perhaps even more difficult in Japan than in the United States; the question of how to reduce the unemployment of youth out of school in the U.S.; ways and means to expand and improve employment opportunities for women; how to bring the handicapped into personally satisfying and useful gainful employment; and how to convert seasonal into year-round employment.

In pursuit of these objectives Japan's concern, in a situation of general labor shortages, is focused upon the elimination of imbalances in demand and supply in the job market, upon better utilization of workers, and upon a redistribution of workers into more productive employments. In the United States, efforts are more and more centered upon promoting employment opportunities for disadvantaged individuals who have been left outside the mainstream of American life, by means of skill acquisition programs and preparation for working life, and by placement in jobs affording opportunities for meaningful work and an escape from poverty.

In the development of workers' abilities, there is considerable difference in the approaches of the two countries in regard to the administration of public vocational training and vocational training within enterprises, as a result of historical differences in systems of education and training. Yet in Japan, there has arisen a need for reorganizing vocational training, which has yielded very great results in the past 10 years, in order to meet the rapid increase and change in social demands for training. And in the United States, a new orientation and diversification of training programs have been taking place. Thus, in each country the government's responsibilities for vocational training have undergone progressive and active development in recent years, and are now matters of major policy attention.

4. This Report is composed of four parts, namely "Introduction," "Employment Policies and Programs in the United States," "Employment Policies and Programs in Japan," and "Conclusions," with legislative materials, description of basic surveys, and statistical data in the "Appendix."

"Employment Policies and Programs in the United States" and "Employment Policies and Programs in Japan," which deal with the employment situations and employment measures in the two countries, have been written by the respective governments. The contents of the two papers were examined and approved by both sides. The "Introduction" and "Conclusions" were written jointly, while the "Appendix" was edited on the basis of mutual agreement.

Each country chapter is composed of two parts, the first stating the background of employment policy and the second dealing with employment policy and programs in detail. The background of employment policy was explained first because this was considered indispensable for understanding the common features and differences between the employment policies and programs of the two governments.

We hope and expect that this Report will be of value not only to specialists but also to the general public, and thereby will promote further the understanding of and cooperation in the employment policies and programs of the United States and Japanese Governments.

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UNITED STATES

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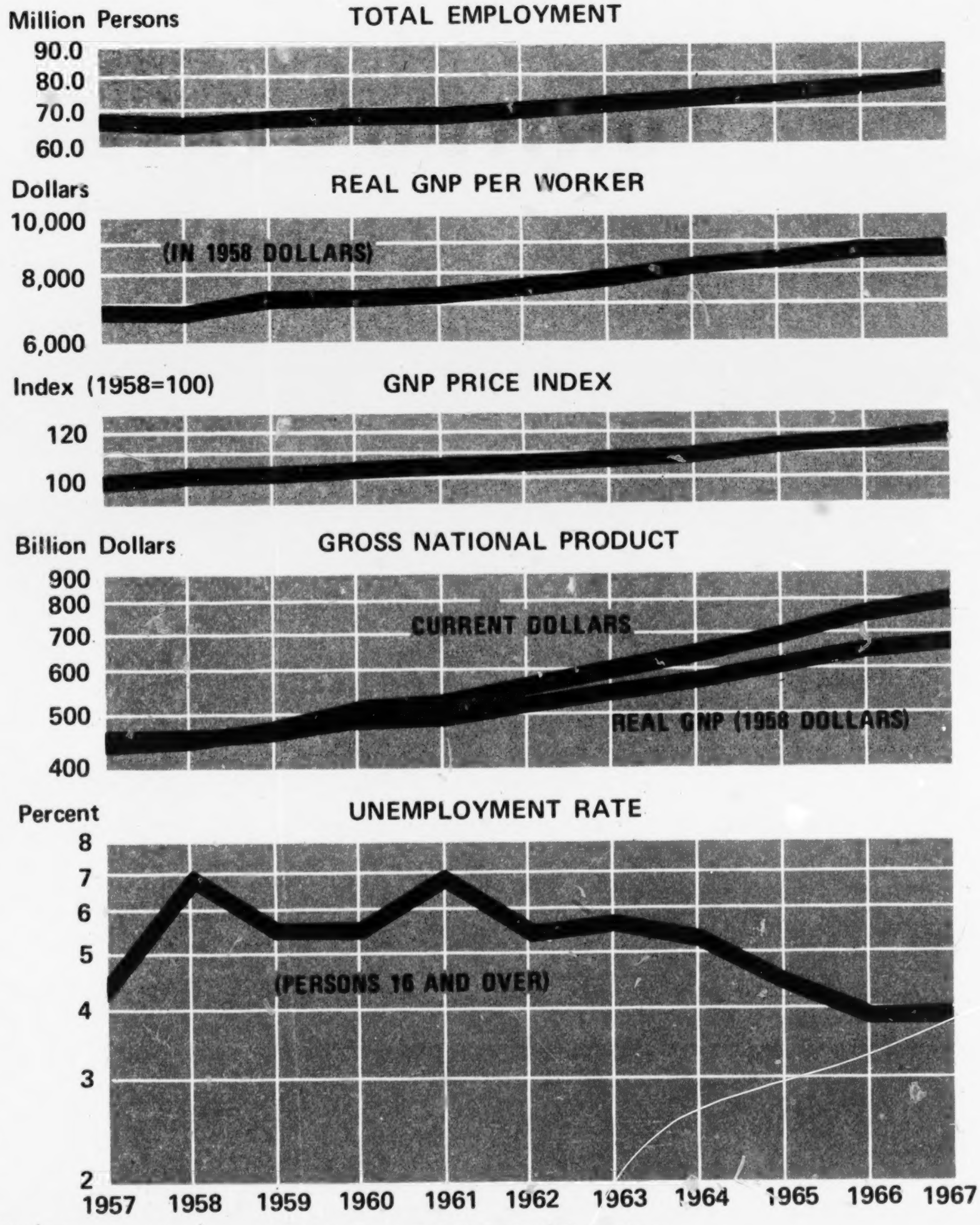
Chart 1. **PERFORMANCE OF THE AMERICAN ECONOMY, 1957-1967**



SOURCE: U.S. Department of Labor and Department of Commerce.

Employment Policies and Programs in the United States

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CHAPTER 1. BACKGROUND OF EMPLOYMENT POLICY

(1) Development of the Economy

The United States improved its long-term economic performance as it pursued the objective of the Employment Act of 1946, to make full use of the Nation's capabilities to raise the employment, production and purchasing power of the American people. The growth rate averaged 3.7 percent annually from 1947 to 1967 as output per man-hour in the private sector increased 3.2 percent, compared with 2.0 percent in the preceding quarter century. Per capita consumption was 51 percent higher in constant dollars in 1967 than in 1947 without taking account of increases in social services. However, the postwar record was more impressive in terms of production and purchasing power than employment. The economy operated below its potential; there were substantial irregularities in employment and a higher level of unemployment than consistent with the goals of economic policy.

Since the United States was already highly industrialized, its postwar growth depended largely upon progressive gains in productivity throughout all sectors of the economy, including agriculture and services. Only about one-half point of the 3.7 percent annual growth resulted from increased man-hours of labor input. Relatively little (about one-third of a point) was the result of transfers of workers from low- to high-productivity sectors of the economy. For although there continued to be a substantial shift of workers out of agriculture, the expanding service industries have a lower level of output per man-hour than the industrialized

Table 1. Gross National Product, Real Growth Rate of Economy, and Per Capita National Income and Consumption

	Gross National Product 1/	Real Growth Rate 2/	Per Capita National Income 3/	Per Capita Personal Consumption Expenditures 4/	
				(Current $)	($ 1958)
	($ billions)	(%)	($ thousands)		
1955	398.0	7.6	2,002	1,539	1,659
1956	419.2	1.8	2,086	1,585	1,673
1957	441.1	1.4	2,137	1,643	1,683
1958	447.3	-1.1	2,113	1,666	1,666
1959	483.7	6.4	2,259	1,758	1,735
1960	503.7	2.5	2,294	1,800	1,749
1961	520.1	1.9	2,325	1,824	1,755
1962	560.3	6.6	2,452	1,902	1,813
1963	590.5	4.0	2,544	1,980	1,865
1964	632.4	5.5	2,697	2,088	1,945
1965	684.9	6.3	2,890	2,226	2,047
1966	747.6	6.4	3,132	2,366	2,123
1967	789.7	2.4	3,263p.	2,469	2,159

Sources:
1/ U.S. Department of Commerce, Office of Business Economics.
2/ Do.--Year-to-year changes in gross national product.
3/ U.S. Department of Commerce, Office of Business Economics and Bureau of the Census.
4/ U.S. Department of Commerce and Council of Economic Advisers, in Economic Report of the President, 1968.

sectors. The growth rate was also limited by lack of full success in stabilizing employment close to its full-employment potential.

As in technology, the postwar years proved to be an exceptionally creative period for economic policy. Confidence grew in the discretionary use of tax changes as an instrument for expansionary policy and for constraining price inflation. The "fiscal surplus" diagnosis that led to corrective action in the sluggish recovery beginning in 1961, pointed to the fact that the Federal tax structure tends to generate a budgetary surplus as full employment is approached and curtails demand in the private economy before full employment is reached--unless compensated for by increased public expenditures or corrected by tax reductions.

By pre-war comparison, the four recessions of the postwar period were short-lived--11, 13, 9, and 9 months in that order--and of small amplitude. In part this was the consequence of the larger role of automatic, built-in stabilizers, such as unemployment insurance, which tend to increase public expenditures and reduce public revenues when activity declines. The tax structure also provided resistance to a downward movement. But on the upswing of recoveries the automatic stabilizers constrained expansionary forces and added to the drag of the fiscal surplus on the upward movement in the economy, and reinforced the need for discretionary increases in expenditures or reductions in tax rates.

Despite the diminished severity of recessions, employment and unemployment showed substantial cyclical fluctuations. Jobs fell by more than a million in 1954 and 1958. Meanwhile with the new technology (especially automation) attracting great public attention, growing technological unemployment was widely and deeply feared. Successive recoveries showed higher unemployment rates: 2.9 percent in 1953, 4.1 percent in 1956, 5.5 percent in 1959 and, in what appeared to be a recovery plateau, 5.6 percent in 1962-63. However, sustained recovery during the Sixties, highlighted on the policy side by a deliberate reduction in personal and corporate income taxes to stimulate demand, in the Revenue Act of 1964, prior to the Vietnam build-up of expenditures, dissipated fear of cumulative technological unemployment.

But the persistence of a high volume of structural unemployment, quite apart from the fears of technological unemployment per se, was a continuing concern to U.S. employment policy. For at the same time that there was large-scale unemployment there also were serious shortages of workers in a wide range of occupations throughout the country. In its original form, the Manpower Development and Training Act of 1962 was directed explicitly to the training and retraining of unemployed workers for jobs that were certified to be readily available. And as unemployment in 1967-68 was reduced below 4 percent, occupational shortages continued; there was growing appreciation of the need for more active manpower-development measures to help ill-prepared, sometimes under-motivated, disadvantaged workers become employable for available jobs.

Another postwar policy concern was the tendency for wages and prices to rise in recovery periods before employment approached close to full employment levels. In these circumstances, competing policy interests in price stability and balance of payments problems led to constraints on full-employment demand policies in recent years. In order to achieve a 3 percent unemployment rate, American experience seems to suggest that the American economy would be likely to sustain an annual increase in prices of between 4 and 5 percent. As early as 1961, wage and price guideposts were enunciated by the President and his Council of Economic Advisers in an effort to avoid increases inconsistent with general productivity trends and competitive market behavior. How successful it was is still debated. In 1968 temporary surtaxes were imposed on personal and corporate incomes as, with unemployment below 4 percent, prices began to advance at an annual rate of 4 percent.

For the whole period since 1947, compensation per man-hour of all persons in the private economy increased annually on the average by 5.0 percent, considerably above the 3.2 percent rise in productivity during the period. Unit labor costs rose 1.7 percent annually. However, after adjusting for rising consumer prices, the real gain in hourly compensation was identical with that of productivity, so that labor's share in the national product remained stable. Roughly the same has been true from 1962 through 1967. Real compensation was less than the average gain in productivity between 1962 and 1965, and in excess of it between 1965 and 1967, despite substantially higher gains in prices following the tax cut and the Vietnam build-up. Only construction, a high-wage industry, and the farm and service sectors, low-wage industries, showed higher than average real gains during the whole 1962-67 period. Steel and autos, e.g., lagged.

Generally little, if any change has occurred in the direction of a more equalitarian distribution of income. Family incomes from all sources, before taxes, have increased substantially in the postwar period, but relative measures of dispersion of income show no significant change while the dollar differences have widened between the rich and the poor. Significant differences in median income persist between white and nonwhite families. Public expenditures for social programs have modified the impact of the uneven distribution as between income and social groups, and of regressive taxation, but data are lacking to confirm whether there is any strong trend in the direction of redistribution.

It is in this context of economic development--advancing technology, shortages and unemployment and inflation, rising expectations and continuing economic inequalities--that manpower programs have assumed a more active form, and a new social orientation, in the United States in recent years.

(2) Population and Labor Force

The postwar upsurge in population, while exerting little pressure on natural resources, had significant consequences for American society and for present and future changes in the size and structure of the labor force. Fertility rates have now about subsided to prewar levels. For the economy, the effect of the postwar upswing was to stimulate consumption and investment, to bring to an end prewar fears of economic stagnation, and to add to the potential growth rate.

Table 2. Completed Fertility Rate and the General Fertility Rate

	1930	1937	1947	1950	1955	1960	1965
Completed Fertility Rate 1/	3.4	3.1	2.6	2.4	2.3	2.3	2.6
General Fertility Rate 2/	89.2	77.1	113.3	106.1	118.7	119.2	97.6

1/ Average number of children born per woman during the completed age span 15 to 49 years of age.

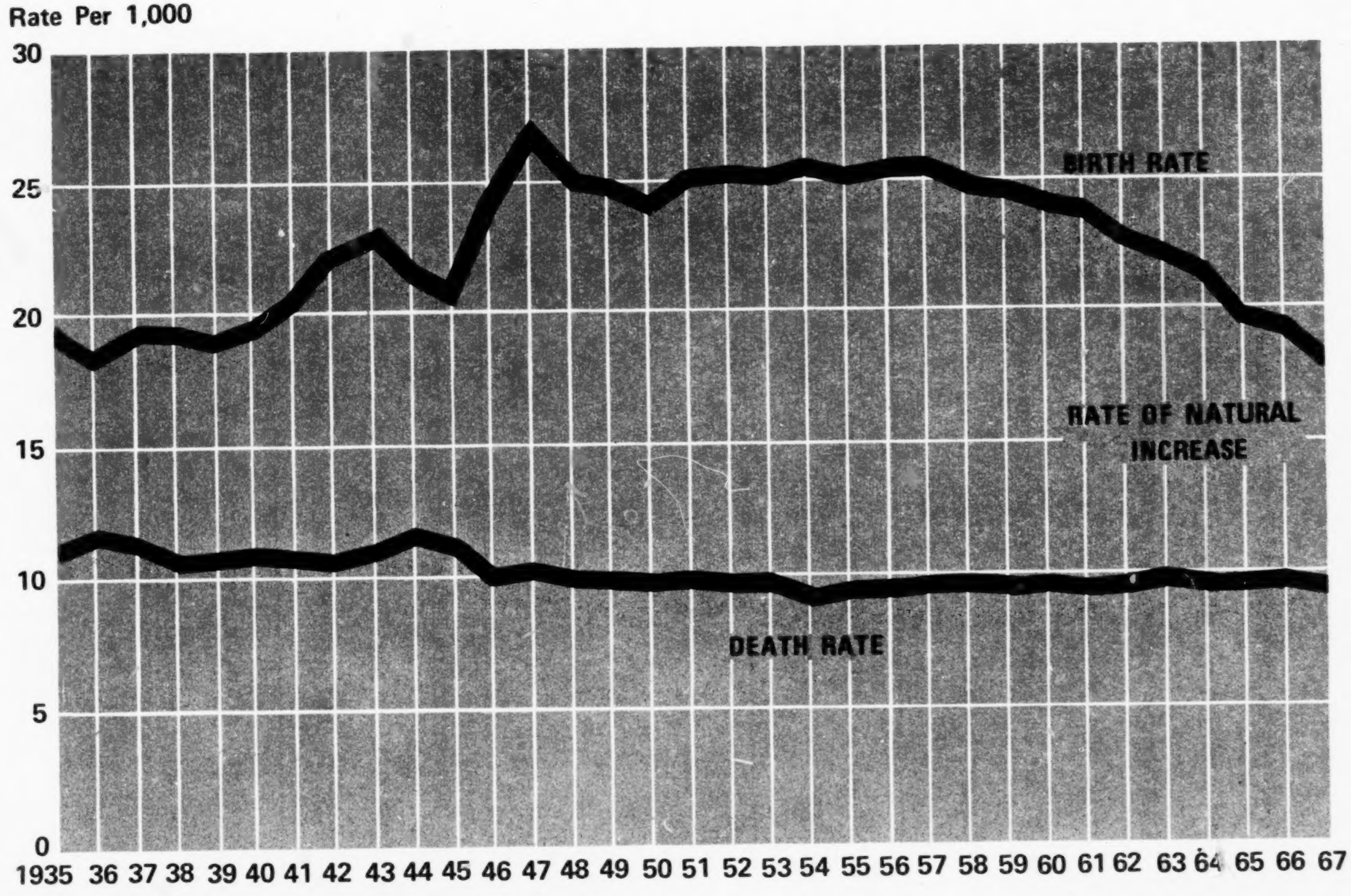
2/ Number of births per 1,000 women 15 to 44 years of age.

Source: U.S. Department of Commerce, Bureau of the Census.

Population increased from 144 to 172 million between 1947 and 1957 (up 19.3 percent) and to 199 million in 1967 (15.8 percent over 1957). Projections for 1975 range between 215 and 230 million. Nonwhite population increased by 9 million (59.7 percent), white population by 46 million (35.6 percent).

Chart 2.

CHANGES IN BIRTH AND DEATH RATES IN THE U.S.



SOURCE: U.S. Department of Commerce, Bureau of the Census.

Total labor force 16 years of age and over increased from 60.9 million to 80.8 million in the 20-year period. Women in the labor force increased by 11.7 million, men by 8.1 million.

Numbers of persons of working age now increase about 2 million a year as against 1 million in the early Fifties. Their overall participation rate has fluctuated irregularly but narrowly over the period from 58.9 to 61.0 percent--the mixed result of more active participation by women, earlier retirement, continuation of the trend toward longer schooling, and changes in the age composition of the working population, as well as response to business conditions to some degree.

Table 3. Population and Productive-Age Population

	Total Population	Productive-Age Population 1/
	(millions)	
Actual:		
1950	152.3	109.1
1960	180.7	121.8
1967	199.1	135.4
Projections:		
1970	207.3	142.0
1980	243.3	166.6
1990	286.5	191.1
	(Percent Increase)	
1950-60	18.7	11.6
1960-70	14.7	16.6
1970-80	17.3	17.3
1980-90	17.8	14.7

1/ Persons 16 years of age and over.

Source: U.S. Department of Commerce, Bureau of the Census. Projections are from Census Projections Series B, which assume movement toward average of 3,100 completed births per 1,000 women.

For whites and nonwhites, participation rates have been much the same in the case of full-time workers, but on the whole a substantially higher percentage of nonwhite women are in the labor force and a somewhat lower percentage of nonwhite men than in the case of whites.

As a result of the postwar changes, the U.S. population and labor force have become younger. By 1975 the prime 35-44 year work group will be disproportionately smaller than before. The 14-24 year-olds will be 25.9 percent larger in 1975 than their counterpart in 1965; the 25-34 group will be 40.5 percent larger; while the 35-44 age group will have declined by 8.1 percent.

Table 4. Age Composition of the Population

Age Group	1950	1967	1990
Total	100.0	100.0	100.0
Under 16	28.3	32.0	33.3
16-34	29.0	26.4	28.8
35-64	34.5	32.2	28.4
65 and over	8.1	9.4	9.4

Source: U.S. Department of Commerce, Bureau of the Census, Current Population Surveys. In 1968 President's Manpower Report.

In-migration from abroad in excess of 400,000 a year is a significant source of population growth and workers in short supply. Under the Immigration and Nationality Act of 1965, which abolished the national origins quota system, preference is now given to close relatives of U.S. citizens or of alien residents and, in addition, to refugees and to professionally-trained persons and workers in short supply without regard to national origins.

In fiscal year 1967, about 100,000 adult immigrants were certified for immigration for permanent employment. About 40 percent were professional, technical and managerial workers; about one-quarter were skilled workers in short supply and the remainder were service workers. Their average age was 31; about half were women.

(3) Employment Structure

In a time of novel changes in technology (computers, data processing, automation), the structure of employment continued to evolve in the familiar pattern of industrialization, the service industries expanding in relative importance, while agriculture continued to recede in relative and in actual numbers. By reference to the conventional three-way classification used in international comparisons, the change in the industrial structure of employment in the United States may be summarized briefly as in the accompanying table.

Table 5. Changes in the Structure of Employment by Industry

	1957	(Percent)	1967
Primary employment 1/	9.5		5.3
Secondary employment 2/	34.6		34.7
Tertiary employment 3/	55.9		60.1

1/ Agriculture, forestry and fishing.
2/ Mining, construction, and manufacturing.
3/ All other industries.

Source: U.S. Department of Labor, Bureau of Labor Statistics. Unpublished data on employment by industry, including self-employed and unpaid family workers.

Since 1947, productivity advanced particularly rapidly in agriculture. Output per man-hour in farming increased on the average 6.4 percent a year, compared with 2.8 percent for the remainder of the private sector.

As a result, although physical output rose by 42 percent between 1947 and 1967, farm employment was reduced by more than one-half--from 7.9 million to 3.8 million in the 20 years.

Trends were quite mixed in the so-called secondary industries of mining, construction and manufacturing. In mining, technological innovation cut the work force from 955,000 in 1947 to 616,000 in 1967, despite a 55 percent increase in output. On the other hand the construction industry, perhaps less successful in raising its productivity, substantially increased its employment throughout the period with only minor cyclical setbacks. Employment in manufacturing increased unevenly, but demand for manufactured products rose sufficiently to increase factory employment from 15.5 million in 1947 to 19.4 million in 1967, despite a 3.1 percent yearly advance on the average in output per man-hour.

Within manufacturing, growth occurred principally in the dynamic sectors affected by the new technology. Thus the electrical equipment industries in 1967 employed 900,000 more than 20 years before; in comparison, the primary metal and auto industries together employed only 90,000 more. In the rapidly developing chemicals and petroleum industries, employment increased in the former but declined in the latter as a result of improved technology. Food, tobacco, textiles, leather and lumber all employed fewer workers by the end of the two decades.

The so-called tertiary industries accounted for most of the one million average annual increase in employment in recent years. Rising per capita income favored expansion of demand in the service sectors, as did the public needs of an urbanized society. In addition, computerization and automatic data processing created new occupational and service functions in support of goods-producing activities.

Only transportation and public utilities in the tertiary sector failed to show any appreciable gain in employment. Total civilian employment in government, including education, more than doubled in the postwar years, from 5.5 million in 1947 to 11.6 million in 1967, chiefly at the local level. Private services, trade, finance, etc., increased by more than one-half million annually on the average since 1947.

These changes in industrial structure were reflected also in the general occupational structure. By 1967 white-collar and service workers comprised 58.5 percent of employed workers in the American economy, blue collar and farm workers 41.5 percent. Two-thirds of the gain in manufacturing jobs were in the non-production categories. Fewer persons were self-employed (or family) workers, wage earners in 1967 accounting for 88.9 percent of the total in 1967 against 77.5 percent in 1947.

Indicative of the continuing demand for well-educated and highly-trained personnel is the growing proportion of employees in professional, technical, and managerial occupations. These categories in 1967 comprised 23.4 percent of all employees and now account for one out of three new jobs each year. The demand stems not only from the sophistication of the new technology but from the complexity of the business and social environment.

There are, however, mixed trends in terms of skill requirements. Unskilled farm and non-farm laborers continue to decrease in number. Demand remains strong for skilled blue collar workers, although employment of craftsmen and foremen showed hardly more increase in the last decade than in the case of less-skilled operatives. Clerical, sales and service activities account for much of the overall gain in employment in recent years, especially for women workers, and jobs in these fields represent a wide range of educational and skill requirements.

Table 6. Occupational Composition of Workers

Occupation	1955	1960	1965
	(Percentages)		
Total employment	100.0	100.0	100.0
Professional and technical workers	9.2	11.2	12.3
Managers, officials, and proprietors	10.2	10.6	10.2
Clerical workers	13.3	14.7	15.5
Sales workers	6.3	6.6	6.5
Craftsmen and foremen	13.2	12.8	12.8
Operatives	20.2	18.0	18.6
Service workers	11.3	12.5	12.9
Nonfarm laborers	5.8	5.5	5.3
Farmers and farm laborers	10.5	8.1	5.9

Source: U.S. Department of Labor, Bureau of Labor Statistics. Current Population Survey. In 1967 President's Manpower Report. Refers to employed persons 14 years of age and over.

These mixed tendencies in job structure may explain, or portend, social discontents connected with lack of opportunity for meaningful work on the one hand and difficulties of job adjustment or access to well-paying jobs on the other hand, as well as continuing inequalities of income.

(4) Labor Supply and Demand

Labor supply expanded more or less proportionately to population of working age since 1947. Quantitatively the total labor force showed some variation with demand cyclically but otherwise little trend except for population change. A marked rise in the participation rate of women was offset by the influence of longer schooling and earlier retirement of men workers.

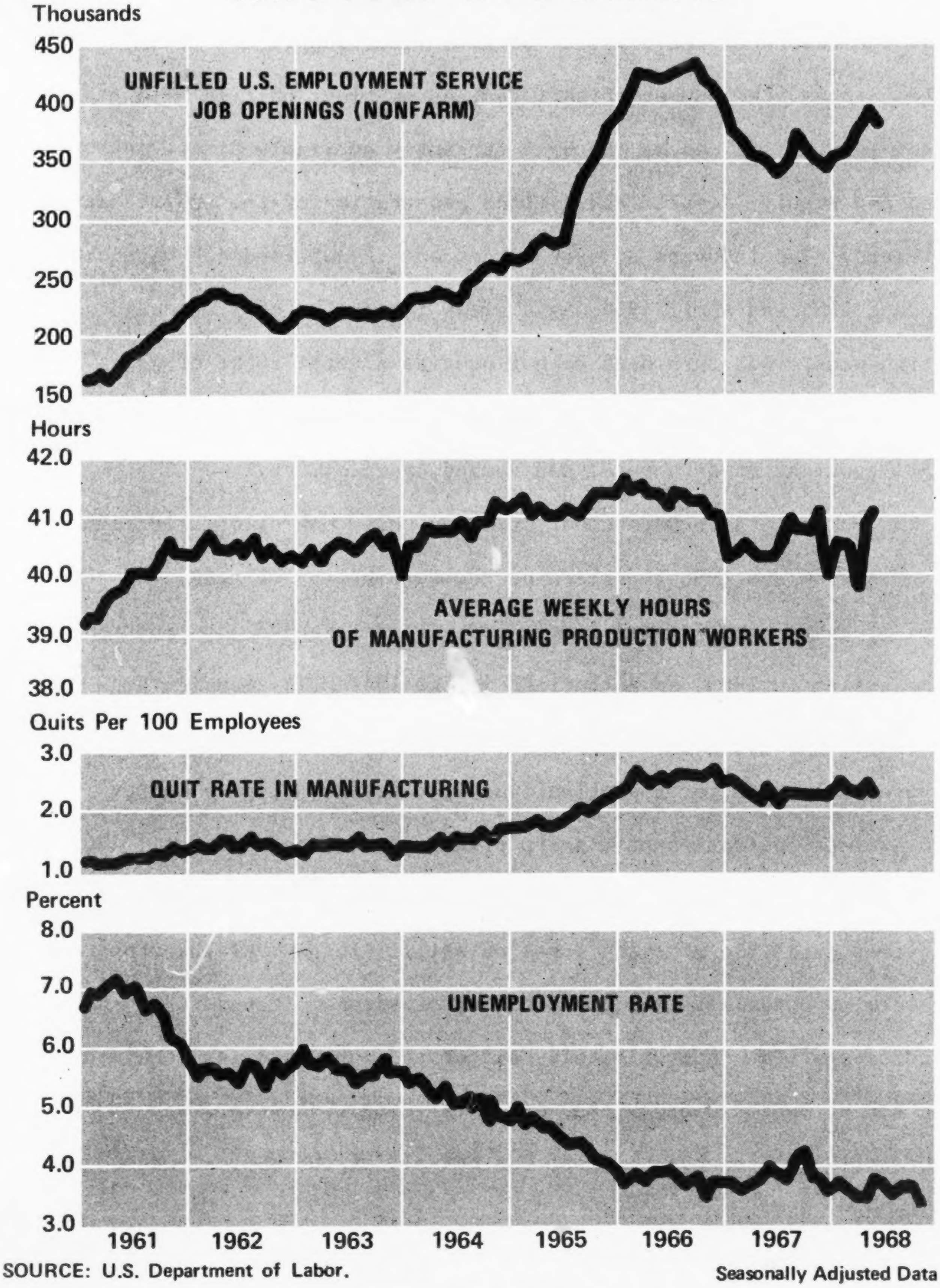
The labor force increased from 60.9 million in 1947 to 80.8 million in 1967. In each of these years unemployment was at a level of about 3.8 percent, representing the closest balance between labor supply and demand in the postwar period except during the Korean war, and belying any secular trend attributable to technological change. But for the interim period 1957-1965 there was a persistent insufficiency of demand to employ available workers.

From 1962 to 1965 the gap between actual and potential output was progressively reduced by personal and corporate tax reductions to support private demand. In mid-1968, however, income taxes were raised to offset the effects of rising Vietnam expenditures on prices while unemployment was still in a range of 3.5-3.8 percent.

But what the "new economics" could not do, by control of aggregate demand through fiscal policy, was to eliminate frictional and structural unemployment resulting from a mismatch of workers and jobs. How much unemployment at any given time is of this kind, and thus remediable only by structural measures, cannot now be ascertained with any precision for the United States.

Chart 3.

INDICATORS OF CHANGES IN DEMAND



SOURCE: U.S. Department of Labor.

Seasonally Adjusted Data

One approach, however, for a rough approximation, is to compare unfilled job vacancies with the current number of job seekers. Statistics on job vacancies are available in a number of countries and are regarded as useful indicators of the relation between labor supply and demand. For the United States, the number of unfilled job openings on file with public employment service offices is the best currently available direct measure of demand and supply, despite the limited penetration of the public employment services. The increase of over 50 percent in unfilled job vacancies between June 1965 and April 1966 was a clear indication of growing job market tightness. But such data do not provide a total count of'job vacancies that can be compared with current unemployment figures to assess the relative weight of structural and demand unemployment.

The United States Department of Labor undertook pilot studies beginning in 1964 and 1965 to determine the feasibility of measuring job vacancies at every occupational level, and will initiate a job opportunities reporting system in 1969, as authorized in the 1968 MDTA amendments. Surveys undertaken in 13 areas in April of 1965 and 1966 appeared to produce useful results for analytical and operational purposes. They provided a clear indication of a sharp rise in demand between April 1965 and April 1966 in most areas surveyed, and long and short-term job opportunities available at every level of skill. In general the proportion of long-term opportunities was highest in professional, managerial, and unskilled categories. Approximately half of the job vacancies remained unfilled for at least 30 days. Current unemployment, however, was in excess of unfilled vacancies in most but not all of the cities, according to the survey results.

The results presently appear most useful for indicating long-term vacancies on a local area basis that could be reduced by training and retraining programs, modifications of job content and requirements, and increased mobility to bring about a better match between the supply of labor and the needs of employers. The shorter term vacancies may be considered as representing frictional vacancies involving time lags in bringing workers and jobs together.

(5) Unemployment and Underemployment

The new thrust of U.S. employment policy came about with the realization that global statistical data--the overall unemployment rate, for example--obscured the unemployment, the underemployment, the nonparticipation, the irregularity and the low incomes of disadvantaged groups. A significant feature of the new program has been expanded research and statistical efforts to throw light on the character of the employment problems of disadvantaged groups.

Gross rates of unemployment were quite striking but not indicative of current problems of manpower policy. The lowest rates in the postwar period were in 1952 and 1953--3 percent and 2.9 percent. The highest rates were in 1949, 1958, and 1961--5.9 percent, 6.8 percent, and 6.7 percent. Since 1961 the overall rate has declined irregularly to 3.8 percent on the average for 1966 and 1967 and to 3.6 percent in the first half of 1968.

But the rate for nonwhites remained 7.4 percent in 1967 as against 3.4 percent for whites.

Unemployment of youth 14-19 years of age from families with incomes under $3,000 was 17.4 percent in 1967, for youth from families with incomes of $10,000 or more, 7.7 percent.

Amongst young workers (20-24 years of age) the unemployment rate for college graduates was 1.4 percent in March 1967, for high school graduates 5.3 percent, for those with eight years of schooling 10.5 percent. For youth 16 to 19 years old unemployment ranged from 17.2 percent in 1963 to 12.7 percent in 1966.

Table 7. Unemployed and Unemployment Rate

	Unemployed (000)	Unemployment Rate (%)
	(Persons over 16)	
1947	2,311	3.9
1948	2,276	3.8
1949	3,637	5.9
1950	3,288	5.3
1951	2,055	3.3
1952	1,883	3.0
1953	1,834	2.9
1954	3,532	5.5
1955	2,852	4.4
1956	2,750	4.1
1957	2,859	4.3
1958	4,602	6.8
1959	3,740	5.5
1960	3,852	5.5
1961	4,714	6.7
1962	3,911	5.5
1963	4,070	5.7
1964	3,786	5.2
1965	3,366	4.5
1966	2,875	3.8
1967	2,975	3.8
Jan-Sept. 1968 1/	2,844	3.6

1/ Seasonally adjusted

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Twenty-one percent or 2.4 million of the 11.4 million persons who were unemployed at some time during 1966 were jobless for a total of 15 weeks or more. More than 800,000 were unemployed for 26 weeks or more during the year. About 1 out of 8 were jobless twice during the year, about 1 out of 6 for 3 or more periods. However, 3.3 million were out of work for less than 4 weeks during the year.

About 2 million workers were on part-time work for economic (not personal) reasons, in a sample workweek in 1967, working about 20 hours on the average.

Unemployment rates were highest in semi-skilled and unskilled blue collar sectors and amongst service workers. Seasonal unemployment represented one-third of all unemployment in the construction industry, higher than any other major industry--generally higher even than agriculture.

One-half million unemployed were concentrated in the poverty districts of large metropolitan areas in March 1966; their unemployment was 7.5 percent against the national average of 4 percent at the same time.

But unemployment among the unskilled and uneducated, among nonwhites, among youth, in industries affected by high seasonality or part-time work, is only one dimension of under-utilization and poverty. Research and surveys are now being directed to the measurement of underemployment--most difficult is that of those employed below their educational or skill levels and of those employed full-time in low-paying jobs.

Table 8. Selected Indicators of Underemployment

I. Year-round, full-time employed men who earned below $3,000 in 1966

	Whites (000)	As percent of whites	Non-whites (000)	As percent of non-whites
Selected industries				
Construction	111	5	53	27
Manufacturing	348	3	160	16
Trade	300	7	160	36
Service industries	322	7	147	25

II. Earnings of men who worked year-round, full-time

	1956	1961	1966
20 percent earned more than	$7,541	$8,640	$10,002
20 percent earned less than	3,388	3,819	4,417
Ratio	2.23	2.26	2.26

III. Persons working part-time for economic (non-personal) reasons

	1957	1961	1966
		(in millions)	
Nonagriculture			
Usually work at full-time jobs	1.2	1.3	.9
Chronically work at part-time jobs 1/	1.0	1.5	.8

1/ Mainly persons who can find only part-time work.

Source: U.S. Department of Labor, Bureau of Labor Statistics

To take a sharper look at the current problems of joblessness and poverty in slum areas, the Department of Labor and cooperating State employment service agencies conducted intensive surveys focusing on "sub-employment" in a number of areas in November 1966. For data on unemployment, as conventionally measured, provide only a partial indication of the whole complex of work problems which contribute to poverty in the slums. Many more slum residents have only part-time jobs, are earning less than their own or their families' minimum subsistence needs, or are outside the labor force (though able to work) because they believe no work is available or because of low motivation or complete alienation from society. In the slum areas surveyed in 1966 the average rate of sub-employment was found to be about one out of every three workers. Other research and statistical work is designed to quantify the "universe of need" on a country-wide basis for diagnostic and program planning purposes.

(6) Employment System

(i) Entry to Employment, Change of Jobs, Job Attachment, and Retirement

The experience of workers--from looking for their first jobs to retirement--is too varied in the United States to be comprehended in any single set of data or to be described by any simple model. Work-life tables and participation rates can only show the general contours of working life, reflecting the changing pattern of entry and retirement, as life expectancy continues to rise, and also perhaps a growing freedom of choice between work and non-work.

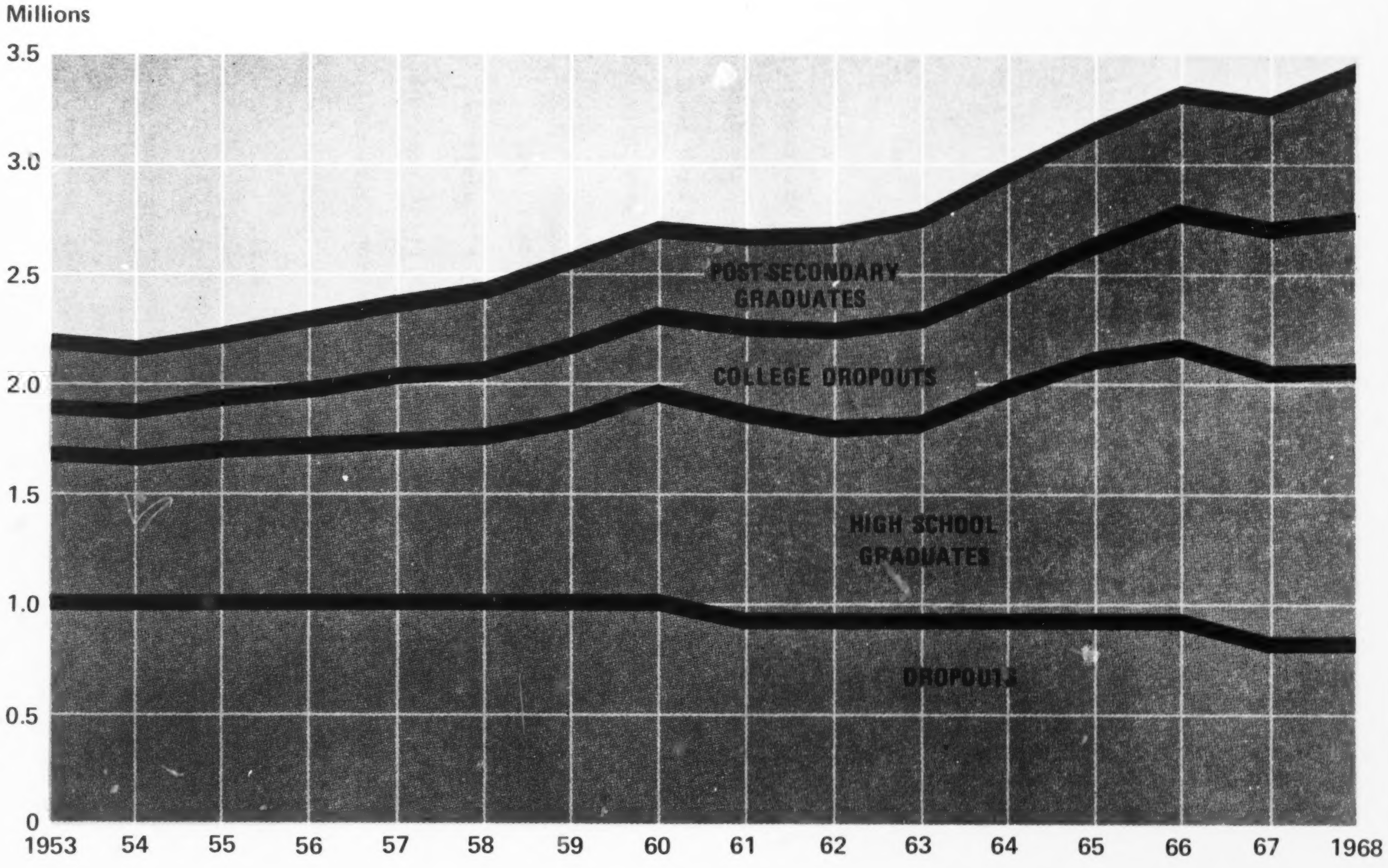
Entry to work life on the average is at a later age than before. Fewer students in actual numbers are dropping out of school before completing high school. Increasing proportions are completing high school and entering and completing undergraduate or graduate degrees. By 1967 there were about the same number of young people with some college experience ready to begin working life as there were high school graduates about to enter the job market. In March 1967, the median years of school completed amounted to 12.6 for the age group 18 to 24.

After graduation from school, nearly all adult men--certainly married men--work continuously through their prime years; before 60 there is but little diminution in their participation rates except for reasons of health: 84 percent of men 55 to 64 are in the labor force as against 97 percent of men 25 to 44 and 95 percent 45 to 54.

The pattern of working life is somewhat different for women. Most American women work for significant periods at one time or another. Roughly half between the ages of 20 and 60 are at work in an average work

Chart 4.

FLOW OF STUDENTS FROM THE U.S. EDUCATIONAL SYSTEM



week, but with considerable variation in the participation of married women, especially during child-rearing years.

Table 9. Labor Force Participation Rates in 1967 1/

	Men	Women
Single persons		
16 to 17 years	46.8	31.5
18 to 19 years	63.3	56.0
20 to 24 years	73.6	72.1
Married, Spouse Present		
20 to 24 years	95.9	41.5
25 to 34 years	98.5	35.5
35 to 44 years	98.3	42.7
45 to 64 years	92.2	41.3
65 years and over	30.1	6.9

1/ Percent of civilian population 16 years and over in the civilian labor force.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

From 1900 to 1960, the life expectancy of American men advanced from 48.2 years to 66.6 years. Nine more years on the average were spent in work activities; the other 9 additional years of life were divided between later labor force entry and more years in retirement. For women life expectancy rose from 50.7 years to 73.1 years, with working life extended 14 years and 9 additional years outside the labor force.

There is more change for individuals than is suggested by the relatively gradual trends in the participation rates by age and sex.

Gross flow data indicate that hundreds of thousands of persons shift labor force status each month--into and out of the labor force, from job to job, from employment to unemployment, from unemployment to employment, etc.

Part of the discontinuities in the pattern of work activity is seasonal: employment ranges from about 97 percent of the annual average in January to a high of more than 102 percent in July. School vacations in summer and the large influx of graduates in May and June contribute also to the irregularities and unevenness of the American work scene.

Detailed turnover data reflecting the incidence of business conditions as well as voluntary quits upon the stability of job holding are available chiefly for the manufacturing industries. Typically during the past 20 years about 45 out of 1,000 workers were hired and about the same number were separated from payrolls each month. Layoffs rise in recession but voluntary quits are ordinarily as large as layoffs, and rise substantially above layoffs in any extended recovery period as workers seek better jobs: e.g., the monthly quit rate was 2.3 per 100 employees as against the monthly layoff rate of 1.4 per 100 employees in 1967.

In the constant change that goes on in the American job market there is a pattern of career development--more so for men than for women--and more job tenure and attachment to an employer than may appear. Getting a reasonably good first job is of decisive importance for career development. Promotions, security, status and prerogatives come with seniority in a company; better jobs, more pay, an escape from dead-end work, more open opportunities, may come with more risk and less seniority by leaving one company for another. The latter course is quite common amongst professional and executive employees and has a significant impact on the quality and character of American management.

A crude estimate is that men typically are likely to change employers 6 or 7 times during their life. However, in 1966 three out of 10 had worked in the same job for 10 years or more.

Retirement practices are not uniform, but there is a distinct tendency toward earlier retirement--voluntary or compulsory. Sixty-five has been for some time the conventional age of retirement for men. An American male aged 60 in 1960 could expect to work until age 68; his son, aged 30 in 1960, is likely to retire when he is 63 in 1993, according to U.S. work-life tables. The drift toward earlier retirement is constrained by growing appreciation of the physiological and psychological value of useful activities for many people at least, in later years.

Many factors influence the trend toward earlier retirement at the same time that workers are enjoying better health and living longer. Less self-employment, especially in farming, has narrowed one traditional opportunity for continued work in later years. There is also a freer choice to work or retire as public and private old-age insurance programs provide at least a modicum of retirement income; home ownership and personal savings may also relieve dependence upon support by children or reliance upon continued work for self-support.

Principally it is the Federal Old-Age, Survivors, Disability and Health Insurance (OASDHI) and other public old-age and disability systems, now covering virtually the entire work force, that permit freer choice and also make it easier for employers to impose involuntary retirement. More than 13 million retirees were receiving benefits under OASDHI in 1967, including over 2 million persons under 65 years of age (one half of whom retired for disability). Average monthly benefits for a retired man and his dependent wife were $165. Wages up to $1680 a year may be earned without any reduction in retirement payments; for higher earnings there is a partial reduction.

Table 10. Social Security Beneficiaries 1/ in the U.S., 1967

	Old-Age Retirees, dependents, survivors	Disabled retirees and dependents
	(in thousands of persons)	
Retirees	12,019	1,194
Spouses	2,645	235
Widows, widowers, and parents	3,299	--
Children	2,873	713
Added coverage 1966, persons 72 and over	729	--

1/ Beneficiaries with monthly payments from Federal Social Security System. Total for 1967: 23,707,000.

Source: U.S. Department of Health, Education and Welfare, Social Security Administration.

Other public programs cover Federal and State employees, military personnel and railroad and certain other groups at substantially higher benefit levels. About 3 million retirees now receive supplementary benefits under various private company plans which now cover more than 25 million employees.

The impetus for earlier retirement under the Federal social security program (now 62 for both men and women) was a mixture of public policy considerations--to meet the need of older workers for security in a weak job market as well as recognition of a desire for earlier retirement by many workers for health or other personal reasons.

These considerations and others have also been present in the design of private pension plans which vary between industries and companies. Earlier retirement is often an option--"seniority in reverse"--to permit employees with long employment to retire at their own choice, with some reduction in benefits. Voluntary, compulsory, and automatic retirement-age provisions in collectively-bargained and other private plans also reflect special conditions--the pace of work, e.g.,--in particular industries: to maintain an appropriate age structure, to make room for younger workers, as well as to meet preferences of workers for retirement. The motivation for retirement in many cases is to shift to other work more compatible with aging or gradual transition to retirement.

(ii) Employment and Wage Practices and Systems

There is a great variation in employment and wage practices, and it is difficult to speak of a system. Yet there are certain traditional principles and characteristic features.

The employment relationship is essentially permissive with no binding commitments on either side. It lasts as long as the employer needs the individual--with many exceptions, of course--or until the employee wants to quit. The well-being or family situation of the employee are ordinarily not factors in the job relationship; the corporate character and the scale of enterprise would make it difficult even with the best of intentions. Ability to perform the defined duties of a job classification is ordinarily the basis for retention (business conditions aside) or for promotion, subject to tenure and seniority rules.

For wage earners, business circumstances are the usual cause for temporary or permanent layoff. One result of the impersonal relationship is that losing a job carries little if any stigma or handicap in getting another job, unless the individual has a chronic history of job changes.

Paternalism, by whatever name, is not altogether absent today in employer-employee relationships; however, it is somewhat foreign to a historic individualism and has been opposed by the labor movement. The "human relations" approach of management to employees is a more characteristic and prevalent attitude. Employees often have a close feeling of attachment to the company, but the image of the "corporate man" is probably more representative of executive employees than ordinary workers. The employer rarely stands in the position of father to his workers.

National industrial relations policy has qualified the individualism of employers and the relation of unions to employers and to union members. In unionized industries, job classifications and wage scales are often the joint product of employers and unions. Basic wage changes are the result of bargaining and negotiation, and usually are made applicable to unorganized white-collar workers in the same establishment and company. However, management maintains jurisdiction over the principal areas of personnel relations even in unionized industries.

Seniority is a significant feature of employment status and is deeply imbedded in union contracts. It is primarily designed to protect the worker with longest attachment against loss of job. Seniority, however, is not ordinarily decisive in promotions (or other decisions affecting workers) where workers have about the same qualifications.

Company pension plans and pension plans under union contracts are widespread, as also are health insurance and other fringe benefits. Private pensions began with company efforts to hold valued employees and, as a substitute for wage increases, became prevalent in the postwar period.

Fringe benefits including pensions are an inducement in hiring, but the adverse effect of retirement schemes upon mobility is now generally believed to be slight. The main function of private pensions appears to be to supplement the national old-age insurance system by giving additional weight in retirement income to workers with above average work experience and income.

Family background and school ties count for something in business and professional life and in many crafts. Most pervasively, however, their effect is via better education of the well-to-do and access of their children to perhaps more prestigious universities. Inherited wealth, however, provides access to ownership or control of business enterprises as well as social status and business connections. In the competitiveness of corporate and professional life, these initial advantages do not always stand the test of performance.

Table 11. Percent of Employees Covered by Private Pension and Insurance Plans, 1965-1966 1/

	Plant Workers	Office Workers
Retirement pension plan	73%	82%
Life insurance	92%	96%
Hospitalization insurance	93%	93%
Surgical insurance	92%	93%
Medical insurance	75%	82%
Catastrophe insurance	40%	73%
Sickness and accident and/or sick leave	80%	79%

1/ Establishments in metropolitan areas.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

CHAPTER 2. INSTITUTIONAL DEVELOPMENT OF EMPLOYMENT POLICY

(1) Legislative Basis of Employment Policy

The objectives of creating and maintaining conditions for providing useful employment opportunities for all those able, willing, and seeking to work, and to promote maximum employment, production and purchasing power, were first made goals of national policy in the Employment Act of 1946. This Act underscored the conviction that the high social costs of unemployment require full use of all the capabilities and resources of the Federal government to prevent depressions and to stabilize employment and income.

Previously there had developed a large body of public law and institutions in the field of labor to regulate and improve the conditions of employment. Notable had been efforts in the various States to regulate child labor and minimum wages that led to the Fair Labor Standards Act of 1938. Collective bargaining was given legislative guarantees in the Railway Labor Act of 1926, and the Federal Anti-Injunction Act in 1932 protected collective bargaining from arbitrary interference of the courts; this was followed by the broader protection of the Wagner Act of 1935 and the establishment of the National Labor Relations Board.

Other landmark legislation provided institutional arrangements for helping workers in finding jobs (the Wagner-Peyser Act of 1933 establishing the present-day Federal-State Employment Service) and for protecting workers' incomes in the event of unemployment (a part of the broader Social Security Act of 1935). But it was the Employment Act of 1946 that provided a link between general economic policy and the more specific employment measures by seeking to create and maintain favorable economic conditions for high and stable levels of employment.

The Employment Act established a Council of Economic Advisers, required an annual Economic Report to the Congress, and set up a joint bipartisan Senate and House Economic Committee to review the Economic Report and to report to both houses of the Congress. The closest the Employment Act comes to what is known in other countries as an Economic or Employment Plan (or "indicative planning") is the requirement that the President's Economic Report set forth annually the current and foreseeable levels of employment, production and purchasing power, and the levels required to carry out the purposes of the Act. To this end the President each year makes policy recommendations to Congress--and to business, labor, agriculture and the public--in his Economic Report to the Congress. But hardly a "plan."

Under the Employment Act, Government efforts have taken the form chiefly of fiscal and monetary measures to prevent recessions, stimulate business recovery, or avert inflation. The persistent high rates of unemployment in the late 1950's and early 1960's made plain the need also for measures on the labor supply side. Experience had proved, in the complex U.S. economy, that market forces--aided by partly successful efforts to control business cycles--would not achieve full employment without active government intervention.

The Manpower Development and Training Act of 1962 was the first comprehensive effort to deal directly with the employment and training needs of workers and the economy's needs for trained manpower. There followed in rapid succession the Vocational Education Act of 1963, the Economic Opportunity Act of 1964, the Elementary and Secondary Education and the Higher Education Acts of 1965, the Public Works and Economic Development Act of 1965, and amendments to the MDTA through 1968, various anti-discrimination acts, and other measures (See Appendix).

Under the MDTA, the Secretary of Labor is authorized to "determine the skill requirements of the economy, develop policies for the adequate occupational development and maximum skills of the Nation's workers, promote and encourage the development of broad and diversified training programs, including on-the-job training, designed to qualify for employment the many persons who cannot reasonably be expected to secure full-time employment without such training, and to equip the Nation's workers with the new and improved skills that are or will be required."

If the MDTA were born of the paradox of labor shortages in the midst of unemployment, the Economic Opportunity Act two years later in 1964 had its origin--in the language of its preamble--in the "paradox of poverty in the midst of plenty." The legislation, which led to creation of the Office of Economic Opportunity (OEO) in the Executive Office of the President, aimed to help break the cycle of poverty through education and training for employability, by work-study and work-experience programs and basic educational services to disadvantaged adults and needy children. The legislation also provided for the creation of Community Action Agencies and for the enlistment of volunteers. By reaching into the slums to find the disadvantaged and the unemployable, the Act helped set the tone and the new priorities for all the emerging manpower development and training programs.

(2) Employment Policy in the U.S.

Because of the pluralism of American society and the essential free-enterprise character of much of its economy, it would be a misnomer to speak of an employment plan; it is possible, however, to speak of an employment policy. What is known as the Employment Plan in the Japanese system has its counterpart in the U.S. in national policy objectives expressed in legislation and in operating responsibilities of executive agencies, but is less structured in form. The Employment Act called for the coordination and utilization of all government plans, functions, and resources, to create and maintain conditions for maximizing employment, production, and purchasing power, and to do so in a manner calculated to foster and promote free competitive enterprise and the general welfare. Government policy, while influencing the general economic situation, providing facilitative services, and regulating private behavior at many points, leaves much of the implementation of public policy to private parties and to the market.

Public policy intervenes chiefly when private efforts fail or public policies and institutions can improve the organization of the job market. Where workers are employed is determined largely by market forces, including differential wage changes and wage levels, and only indirectly if at all by government actions. How workers are trained depends on training and experience on the job, and movement from job to job--as well as general and vocational education. How effectively workers are utilized on the job is enhanced by the arts and techniques of management and personnel administration. How difference of opinions between workers and employers are resolved is a matter for private negotiation or collective bargaining within a framework of public law.

What the Employment Act of 1946 and the Manpower Development and Training Act of 1962 did was to announce a new activist role for the Federal government, and to provide new mechanisms for influencing and coordinating policy interests and actions affecting employment. Early in 1964 an active manpower policy was enunciated formally by the President in his Manpower Report with the three-fold objective of developing abilities, creating jobs, and matching workers and jobs. Policy interest in the U.S. was henceforth to focus simultaneously on overall demand policies and specific structural measures affecting workers in relation to job opportunities.

The new thrust of employment policy, as distinguished from general economic policy, centered on problems that will not be solved alone by economic growth, on those disadvantaged groups who are the last to benefit (if at all) from economic expansion, on unemployment and under-employment problems that are as much personal as economic, where the primary need is to develop people's abilities so that they can take advantage of opportunities in an expanding economy. The connection between education and employment policy became explicit, without any subordination of the individual to the requirements of the economy. The goal is "to enable every American to realize his full potential and to utilize it fully in his own and the Nation's interest."

(3) Data Resources and Forecasting

One of the characteristic institutional developments in the United States is the emphasis on data collection, reaearch, and forecasting by government, employers, unions, universities and private research organizations and consultants. Government gave the lead to this development and, while it has no monopoly in the field, its statistical output has won wide use and confidence. Progress in statistics, sampling and in automatic data processing, and the need for projections and forcasts to give some view of the future for planning--where there is no authoritative planning--have contributed to the role of reasearch in private and public policy decisions.

The need for information on urgent problems of employment policy led to increased efforts for the disaggregation of data--e.g., more detailed information by characteristics of the unemployed and underemployed and of non-participants in the labor force, and more detailed information for small geographic areas such as city and rural slums.

The use of inter-industry (input-output) analysis has been limited by its data requirements but is playing an increasing role in government projections and in private business planning and market analysis. Econometrics has led to much model-building in government and private institutions, but is also limited by data deficiencies. Sampling and opinion polling have given users of data a more flexible instrument for exploration of critical aspects of public policy or private interest.

The growing tendency in Federal legislation to provide resources for research, as in the case of the Manpower Development and Training Act, has improved the factual and analytical basis for program planning and development by promoting basic research, much of it through contracts with universities and private research institutions.

Much of the statistical and research work of the Department of Labor finds its synthesis in the annual Manpower Report of the President and in the biennial Occupational Outlook Handbook and special reports for counseling and guidance and for the planning of education and training programs.

To provide an overall framework of future manpower requirements, projections are developed for the economy as a whole, making systematic use so far as possible of all of the developing work of the Labor Department in growth studies, input-output analysis, occupational matrices, and data collection.

In presenting the employment outlook for an occupation, information is provided not only on the demand for workers but also on the potential supply of workers from many sources--schools and other training institutions, transfers from other occupations, and reentries to the labor force. The balance between supply and demand, in those occupations for which an assessment is possible, gives some indication of the nature of job competition in a specific field facing young people in the years ahead.

Data and forecasting resources are also essential for policy purposes and administration. But even with the proliferation of data and analytical techniques, the new system of decision-making and control in the Executive Branch--the Planning-Programming-Budgeting System (PPBS)--is hampered in its application to employment policies and problems by lack of essential data, as indicated by a recent survey of scattered cost-benefit studies of training programs in the United States.

PPBS is an instrument for discovery, examination of alternatives, and formulation of policy as well as an instrument of control, review, and comparison of costs and benefits for specific programs. The operation of the system involves Program Memoranda on major issues for current budget decision, with alternatives, benefits, costs, and policy considerations; Special Analytic Studies underlying the program recommendations included in the Program Memoranda; and Program and Financial Plans, which are tabular presentations of costs and outputs of all the program categories and subcategories for the past and current years, for the budget year, and estimates for four years ahead.

Where appropriate and feasible, the objective in each category is stated in quantitative terms, with measures of output that can be used to evaluate program accomplishments in relation to their objectives; the cost-accounting system is used to show costs incurred for output in the activity. But in adapting PPBS to purposes of the Department of Labor, judgment is essential and non-quantitative analysis is employed more often than not using all relevant data and knowlege of the social sciences--for appraising relative benefits and costs and for decisions on alternatives and modifications of objectives.

(4) Machinery for Implementation of Employment Policy

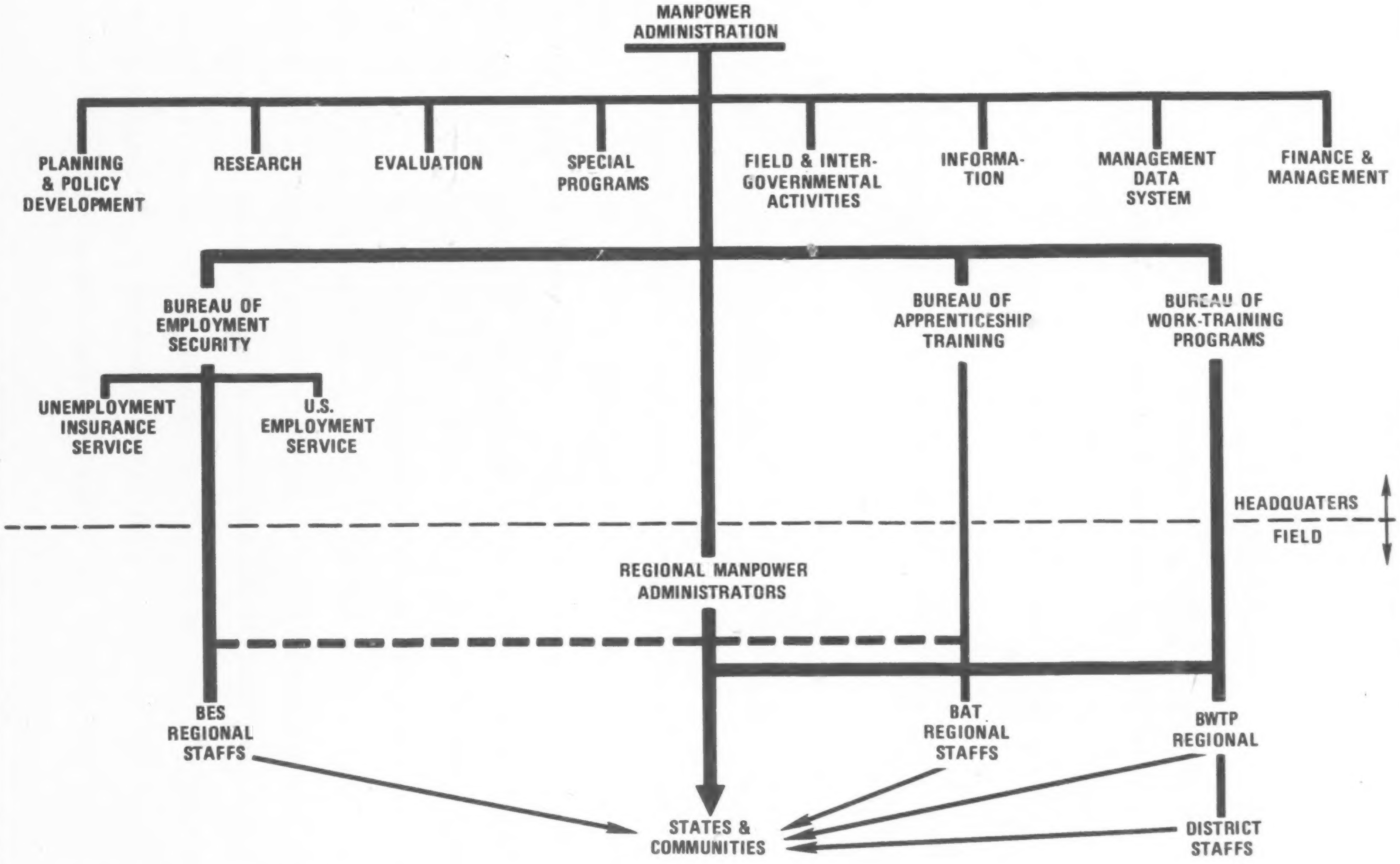
The Department of Labor has primary responsibility within the Federal government for development and coordination of manpower policy and for administration of the main programs and services. Through the responsibility of the Secretary of Labor for supervision of the U.S. Employment Service, the Department has the opportunity to provide cohesiveness throughout the whole of the country. Under the MDTA the Secretary of Labor has the advice of the National Manpower Advisory Committee, which is composed of 10 public leaders from outside government. Regional and State counterparts and local advisory committees that include private as well as governmental representatives contribute to the coordination of policy and program efforts.

Within the Department of Labor, the Manpower Administration is responsible for manpower functions entrusted to the Secretary by the Congress and the President, including direction of the Bureau of Employment Security, the Bureau of Work-Training Programs, and the Bureau of Apprenticeship and Training. The Bureau of Labor Statistics provides survey and research assistance as required for the work of the Manpower Administration; relevant services are provided by other parts of the Department. In addition to the headquarters office and staff, the MA has 8 regional offices for dealing with State and local authorities and other Federal agencies at the field level.

At the State and local levels as well as nationally, the Cooperative Area Manpower Planning System (CAMPS) provides a means for coordinating the manpower activities of the Department of Labor and the U.S. Employment Service with the training and related manpower activities of the Office of Education and the Social Rehabilitation Service of the Department of Health, Education and Welfare; the Office of Economic Opportunity; the Economic

Chart 5.

ORGANIZATION STRUCTURE OF THE MANPOWER ADMINISTRATION


MANPOWER ADMINISTRATION
PLANNING & POLICY DEVELOPMENT
RESEARCH
EVALUATION
SPECIAL PROGRAMS
FIELD & INTER-GOVERNMENTAL ACTIVITIES
INFORMATION
MANAGEMENT DATA SYSTEM
FINANCE & MANAGEMENT
BUREAU OF EMPLOYMENT SECURITY
BUREAU OF APPRENTICESHIP TRAINING
BUREAU OF WORK-TRAINING PROGRAMS
UNEMPLOYMENT INSURANCE SERVICE
U.S. EMPLOYMENT SERVICE
HEADQUATERS
FIELD
REGIONAL MANPOWER ADMINISTRATORS
BES REGIONAL STAFFS
BAT REGIONAL STAFFS
BWTP REGIONAL
DISTRICT STAFFS
STATES & COMMUNITIES

SOURCE: U.S. Department of Labor, 1968.

Development Administration of the Department of Commerce; and other departments and agencies including Housing and Urban Development, Interior, Agriculture, and the Civil Service Commission. In 67 metropolitan areas representatives of these agencies have formed manpower coordinating committees.

CAMPS is the most ambitious and far-reaching attempt to systematize manpower planning that has been undertaken. By Executive Order in August 1968, the President gave the Department of Labor responsibility for administering the CAMPS system, and directed Federal agencies to participate to the fullest extent consistent with their legislative authority. The system of local, State, Regional and national committees was recognized as the appropriate method for dealing with what the President called "the central fact about all our manpower programs...that they are local in nature."

To bring together all program resources for the disadvantaged, the Concentrated Employment Program (CEP) is being launched in slum neighborhoods and rural poverty areas in 100 or more localities as quickly as possible. Prior to the initiation of CEP in 1967, the Federally-supported manpower effort consisted largely of a series of separate programs, such as the Employment Service's Human Resources Development activities (HRD), the MDTA institutional and on-the-job training programs, and the various manpower projects under the Economic Opportunity Act.

The CEP concentrates program efforts in small geographic areas through a single sponsor, with a single funding source provided through a contract with the Department of Labor. Generally, the sponsor will be the local Community Action Agencies (CAA), an outgrowth of Economic Opportunity programs. Their responsibility includes the development of subcontracts with other agencies to provide specific program components of the CEP and the supervision of these subcontracted activities. In addition, the CAA prime sponsor usually operates centralized functions such as data collection as well as administering neighborhood centers, supervising coaching staffs serving disadvantaged individuals, and providing some supportive services.

The Employment Service, as the prime deliverer of manpower services in the local community, ordinarily provides the bulk of the employability components for the Concentrated Employment Programs. Its functions include outreach to find and recruit those in need of training and other help; intake and assessment, for referral to training and related programs and for supportive services such as day-care, health, transportation, and other social facilities; orientation, counseling, and coaching; job development, job placement, and follow-up.

The Human Resources Development (HRD) concept introduced in FY 1967 is indicative of the new role of the Employment Service. The local employment service office is not viewed as a passive broker between job seekers and employers or a mere adjunct to the unemployment insurance system to police job-availability and job-suitability regulations. The need to reach out to the residents of urban slums and rural poverty areas created the need for offices staffed with personnel trained to win the confidence and to counsel the disadvantaged. It now takes the initiative to actively look for hard-to-place and disadvantaged poor and, through a variety of new community programs, to improve their employability. HRD is not a program itself, but provides the rationale and methodology for Employment Service participation in community programs. The Youth Opportunity Centers (YOC) of the Employment Service are a major expression of this new concept.

The U.S. Employment Service comprises more than 2,200 full time offices and about as many part-time itinerant points. Most of the full-time local employment services consist of one multi-purpose office. In the country at large there are Youth Opportunity Centers, concentrating exclusively on services to youth, in 168 of the largest cities. The Employment Service's cooperative program with the schools, which began many years ago, now involves approximately one-half of the nation's high schools. The 56 major metropolitan areas have a total of 32 professional and managerial offices, 30 professional and clerical offices, and (in all) a network of 104 professional offices. In addition there are 36 specialized industrial offices, 30 for the service trades, 11 in clerical-sales occupations, and 41 offices for casual workers.

Large cities have neighborhood and specialized offices. For example, Chicago, the country's second largest city with 3½ million population, has 20 employment service offices in addition to 6 unemployment insurance offices: including one professional and managerial office, one clerical-sales, two industrial, two for the service trades and one for casual workers; it also has 6 general-purpose offices combined with Youth Opportunity Centers, 3 separate Youth Opportunity Centers, one in a Concentrated Employment Center, and 3 other general-purpose offices. Nine other offices are located within the metropolitan area of Chicago.

This network of Employment Service offices serves as the principal instrumentality for the "delivery of manpower services" under the general direction of the Manpower Administration. The Federal-State character of the Employment Security system, which includes also unemployment insurance, provides for central direction in the interests of uniformity and minimum standards while State control of operations provides the advantages of sensitivity to community needs.

Financing of the employment security system is through State payroll taxes which are deposited in trust funds in the national Treasury to cover benefit payments by the States and administrative costs of the State Agencies and of the U.S. Department of Labor. The Secretary of Labor, subject to Congressional action, has the responsibility for approving budgets adequate for the employment service and unemployment insurance programs in each of the States and for maintaining compliance with certain national standards by the otherwise autonomous State authorities. Some additional funds are now provided for services performed under the MDTA and OEO programs.

The effectiveness of the Employment Service for aiding in and supplementing the private institutions and forces of the labor market, came under critical review in the late Fifties. Placements appeared to be lagging behind even the sluggish growth of the economy. With unemployment at high levels, placement officers were shifted to meet the workload of insurance claims. The public image of the Employment Service as an unemployment office discouraged its use by professional and skilled workers as well as by employers.

Even before the transformation of the Employment Service in the development of the new manpower programs, more funds and staff were authorized to provide professional and technical aid to the State Employment Security agencies and to improve the quality of placement activities. Counseling, testing, and services to specialized groups, and to employers and the community, were expanded. Physical separation of the employment staff and offices from those of the unemployment insurance system, which began at that time in large metropolitan areas, also was to prove a constructive contribution to the reshaping of the Employment Service to meet new policy objectives.

While the U.S. does not aim to create an employment service that has a monopoly or handles most job placements, it is desired that the Employment Service have a sufficient placement role so that it can influence and contribute to the whole process of job selection and worker selection. The so-called penetration rate of the Employment Service is estimated at about 16 percent but varies from State to State. Its efficiency and acceptance as an employment exchange are matters of continuing importance as the Employment Service plays a new and expanding role as a comprehensive manpower center.

There are about 5,000 private fee-charging employment agencies, specializing in a wide variety of jobs, that account for perhaps as much as 5 percent of job placements in the United States. In addition, schools and universities, non-profit organizations, professional associations and trade unions, engage in placement activities for students or members. Friends and relatives, newspaper advertising, hiring at the company gate or personnel offices, continue to represent the chief channels of placement.

Nearly every State has statutes regulating private fee-charging agencies, such as licensing, bonding, inspection, regulation of fees, prohibition of specific practices, and penalties for violations. Non-profit institutions usually enjoy a favored position, but may be subject to certain licensing or reporting requirements. The major purpose of the State legislation has been to protect job-seekers from abuses on the part of some unscrupulous agencies or the kind of abuses that once were not uncommon in the recruiting of farm workers, foreign workers, or strike breakers.

CHAPTER 3. GENERAL EMPLOYMENT MEASURES

(1) Measures to Meet Labor Shortages

The balancing of occupational requirements and available trained workers is a continuing concern of manpower and educational authorities. The persistence of shortages while large numbers of workers were unemployed gave rise to a number of countermeasures by government in education, especially in professional and scientific studies and in the health field, and in skills training and retraining and work experience programs for occupations requiring less extensive preparation. Increased efforts were made to strengthen the operational capabilities of the employment service system.

Measures were also taken to correct underlying impediments to mobility and to labor supply in the shortage occupations by removing barriers of discrimination, based on race, sex, or age, in education, apprenticeship and training, in housing, transportation, and in access to employment.

Despite the rapid rise in the number of students completing undergraduate and postgraduate degrees (250,000 more in 1965 than in 1955), shortages persisted in the physical sciences, mathematics, engineering, economics, in teachers at all levels, in physicians and related health occupations, and for social workers, psychologists, speech and hearing specialists and guidance counselors, librarians, and in high-level personnel in State and local government. Exemption from Selective Service was continued for undergraduate students but was curtailed, in 1968, for students entering upon graduate work. So far as can now be foreseen, the prospect seems good for an approximate balance in the supply and demand for professional, scientific, and technical personnel within another 10 years.

To enable youth from low- and middle-income families to attend college, aid is provided under various legislative enactments for grants, for loans, for on-campus and off-campus jobs, and educational benefits for veterans with military service since 1955, and for teaching and research fellowships and stipends at the graduate level.

Many governmental measures were taken to overcome shortages in the health occupations. The Health Professions Educational Assistance Act of 1963, the Nurse Training Act of 1964, and the Allied Health Professions Personnel Training Act of 1966 were designed specifically to help in expanding the training of physicians, dentists, nurses and other professional personnel. The assistance made available under these acts includes grants for construction and expansion of training facilities, payments to institutions for conducting training projects, and tuition loans and other forms of student aid. In addition the programs authorized by the MDTA and the Vocational Training Act of 1963 have helped to relieve immediate shortages in occupations below the professional level, as well as refresher training for professional nurses returning to active service.

Elsewhere there were varied shortages at all levels of skill. One survey of job vacancies for blue collar workers, for example, showed that 47 percent were for jobs of low complexity, compared to 22 percent for jobs with medium complexity, and 31 percent for jobs of high complexity. Training programs under the MDTA contributed to meeting shortages of this kind requiring less than two years of preparation, including general machine operators, welders, motor vehicle mechanics and body repairmen, as well as secretaries and stenographers, practical nurses and draftsmen, all in short supply. Amendments to MDTA authorized short periods of training for hard-to-fill occupations such as nurses' aides, hospital orderlies, cleaning and laundering occupations, and food-handling jobs, and also for part-time upgrading training, primarily for employed persons, in areas or occupations where there are critical skill shortages.

Government efforts to aid employers with severe staffing problems included expansion of the facilities of the U.S. Employment Service to serve employers beyond its regular recruitment and placement functions. The local Employment Service, by involvement in community action programs, as it evolves into a comprehensive manpower center, is likely to have closer contacts with employers. To improve the operations of the inter-area clearance system, an automated communications system is now being installed in four States on a pilot basis preliminary to adoption throughout the system.

Employers found means for adjusting to labor shortages in a number of ways during this period when, in part because of the requirements of the armed forces, adult men of primary working age were not as readily available as previously. These means included upgrading, changes in job specifications and hiring standards, in the internal organization of the work process, by mechanization, by changes in wages and working conditions where these were found to contribute to their difficulty in hiring. By opening the flow of workers into the lower skill levels, as in the training and work experience programs for the disadvantaged, and by encouraging upgrading of these workers, government training policy can help to prevent bottlenecks from developing and reduce the overall task of public training programs.

(2) Basic Policy Attitudes toward Technological Change

Many of the problems that confront employment policy are results of technological change--the migration out of agriculture to the city slums, urbanization accompanied by location of modern plants outside inner cities, stranded older workers in the mechanized coal areas of Appalachia, obsolescence of skills and declining employment opportunities in other industries and areas, changing educational and skill requirements, to mention only some.

Because of the Government's underlying policy commitment to innovation and its own contribution through research and development, there is growing recognition of its obligation to help redistribute the costs of social change,--e.g., by retraining and adjustment allowances,--if workers are to be expected to maintain an affirmative attitude toward the risks and costs they may bear.

Collective bargaining and cooperation between unions and employers have made constructive contributions to adjustment to technological innovation in specific and difficult situations.

Technological unemployment is no longer regarded as an obstacle to full employment, provided there is adequate overall demand together with efforts to facilitate the retraining and mobility of workers, and to deal with area redevelopment.

But before this fact was demonstrated by the sustained rise in demand during the Sixties, the Congress in 1964 created the National Commission on Technology, Automation and Economic Progress to explore all aspects of the problem and report its conclusions to the President. Concerning the impact on employment, the Congress specifically requested the Commission to identify the "new job requirements and the major types of worker displacement, both technological and economic, which are likely to occur during the next ten years" and "how to alleviate the adverse impact of change on displaced workers".

The Commission found, in its 1966 Report, that:

> "There is no evidence that there will be, in the decade ahead, an acceleration in technological change more rapid than the growth of demand can offset, given adequate public policies."
>
> "The more adequate fiscal policies in the past two years have proven their ability to lower unemployment, despite continued technological change and labor force growth."
>
> "If unemployment does creep upward in the future, it will be the fault of public policy, not technological change."

The task of public policy, the Commission indicated, should consist in maintaining adequate overall demand together with efforts among other things to facilitate the retraining and mobility of workers, improve the organization of the labor market, widen educational opportunity, and create a social environment conducive to economic betterment and individual welfare.

Nonetheless, those workers who have suffered inadequate educational opportunities and discrimination have less personal capacity to adapt to change. Their personal and individual problems of employability now have first priority in American manpower policy.

(3) Basic Policy Attitudes toward Mobility and Regional Redevelopment

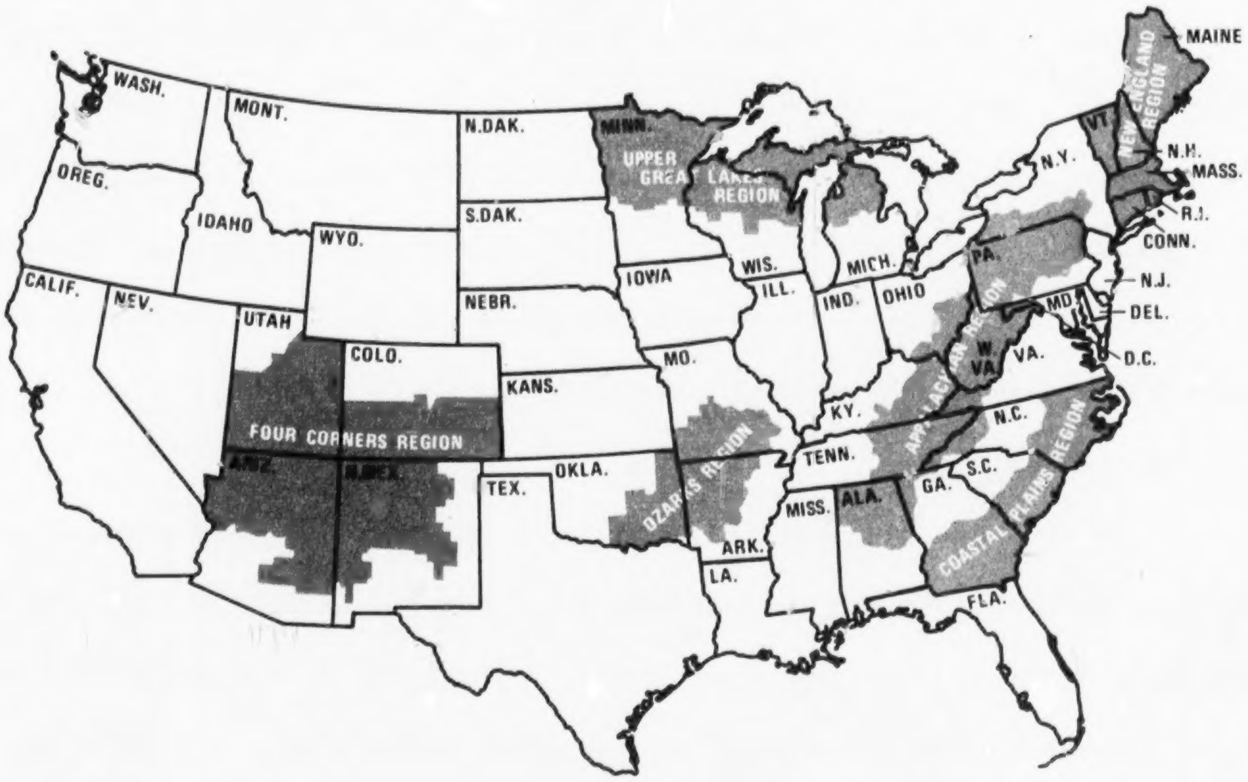
On balance, mobility--occupational, industrial, geographic and social--is strongly in evidence in the United States despite difficulties for individuals and families faced with the need or opportunity for change. It has the support of constitutional guarantees for free movement between the States of the Union and within States and of the traditions of a pioneer country and a democratic spirit. Government programs in education, training, resource development, and transportation have contributed to the mobility of the American worker.

In the case of geographic mobility, public policy has pursued two paths in efforts to meet problems brought about by the lack of job opportunities in declining centers of employment, whether for reasons of resource depletion, technological change, or competitive conditions. One path has been to create job opportunities in a viable economy, as in the Tennessee Valley, in Puerto Rico, and in the Appalachian region, more recently, to reduce the outward migration to urban centers and to avoid depletion of population and waste of regional resources. The other, not so well developed to date, is to facilitate the movement of people to centers of job opportunity.

Redevelopment of depressed areas and regions has continuing public support as indicated by Federal, State and local efforts. Experience has not been altogether favorable because of the exodus in many cases of the younger and better educated population, and the inherent problems of improving the competitiveness of a declining area. In the largest of the current Federal programs, in the eleven-State Appalachian region, the effort is to make use of the natural resources of the area to provide jobs for the relatively isolated people of a sparsely populated area. Particularly in the coal

Chart 6.

SIX DEVELOPMENT REGIONS IN THE UNITED STATES


WASH.
MONT.
N.DAK.
MINN.
UPPER GREAT LAKES REGION
MAINE
NEW ENGLAND REGION
VT.
N.H.
MASS.
R.I.
CONN.
N.Y.
OREG.
IDAHO
WYO.
S.DAK.
WIS.
MICH.
PA.
N.J.
DEL.
MD.
D.C.
CALIF.
NEV.
UTAH
NEBR.
IOWA
ILL.
IND.
OHIO
W. VA.
VA.
COLO.
KANS.
MO.
KY.
APPALACHIAN REGION
FOUR CORNERS REGION
ARIZ.
N.MEX.
TEX.
OKLA.
OZARKS REGION
TENN.
N.C.
S.C.
GA.
ALA.
MISS.
ARK.
LA.
COASTAL PLAINS REGION
FLA.

SOURCE: U.S. Department of Labor, based on data from the U.S. Department of Commerce.

mining districts there is a strong attachment to the locality and to the life of mining which inhibits, especially the older population, from seeking employment outside the area; this in addition to lack of education, training or good health.

Under the Appalachian Regional Development Act of 1965, four types of public investment are provided: for transportation facilities, improved natural resource utilization, improvement in community facilities and housing, and improvement in education, training, and health. About $600 million have been appropriated through fiscal 1968, in addition to funds allocated to Appalachian projects out of the funds of the more general Public Works and Economic Development Act of 1965.

The Economic Development Administration, under the latter act, provides assistance to local redevelopment areas, of which there were about 900 as of 1968, and to development districts made up of two or more areas, and to five regional commissions in addition to Appalachia. Under the program, local areas become eligible because of low median family incomes, relatively high out-migration rates, and chronically high unemployment rates.

As expressed in various legislative enactments, there has been to date a policy preference in redevelopment policy for bringing new job opportunities to workers where this is feasible rather than encouraging further outward migration. Growth points within regions and mixed occupational pursuits, farm and non-farm, including tourism, represent some of the strategic approaches. The anti-poverty efforts of the Department of Agriculture and U.S. Employment Service emphasize education, adaptability, and a gradual transition for individuals to a combination of farm and non-farm work where resources need to be shifted out of agriculture, and better community facilities to slow the outward movement of population.

Present experience indicates the need to counsel, retrain, and assist outward-bound individuals for their entry to urban life. For the large-scale migration of agricultural workers to urban industrial areas has contributed to the social and employment problems of the city slums. But to date migration has been largely unguided and unassisted.

Experimental labor mobility projects have been carried out by the Department of Labor under MDTA since 1965, at a cost of $4 million in FY 1969. The broad intent of the authorizing legislation was to develop the kind of information necessary for Congress to reach decisions with respect to the usefulness and feasibility of relocation-assistance allowances. Project areas were selected to provide a wide range of experience on problems amenable to partial or full solution by relocation assistance. Considerable efforts have been made to provide a preliminary cost-benefit analysis based on project results; these appear to show positive gains both for disadvantaged workers from rural areas and for skilled workers stranded by large-scale job layoffs.

Other problems of mobility and relocation engaging policy attention include the regrowth of urban centers, to bring jobs to residents of central cities, and the accessibility of slum residents to the expanding job opportunities in the industrial belts outside the old-city centers.

Attention is also being directed to the role of education and training for improving occupational and industrial mobility, to means for preferential entry opportunities for the disadvantaged, to jobs possessing career development possibilities, to possibilities for reducing the impact of job-security arrangements and pension systems on mobility.

CHAPTER 4. EMPLOYMENT MEASURES FOR SPECIAL GROUPS

Five broad groups--older workers, young workers, women workers, seasonal workers, and handicapped workers--have engaged policy attention for many years, and continue to do so from the perspective of the new emphasis of employment policy.

(1) Older Workers

The main stance of public policy toward older workers is more than one of active neutrality: to prevent discrimination, to maintain conditions for a free choice to work or not, to provide income security for voluntary retirement. Special programs are designed to help workers meet their job problems as older workers.

The Employment Service program for older workers, who have difficulty in getting or keeping jobs principally because of age (or of characteristics ordinarily associated with age), includes counseling, job development, referral to training or to other special services, and job placement. All these services are provided on an intensified and individualized basis.

The Civil Rights Act of 1964 included an authorization to the Secretary of Labor to study and report on age discrimination in employment. His Report to the Congress concluded that there was arbitrary job discrimination on the basis of age--i.e., unrelated to the older worker's capacity to perform on the job, and recommended legislative action. In the score of States where there was legislation against discrimination, and reasonable enforcement, there was found to be less discrimination.

Evidence was also disclosed that some employer discrimination resulted from a belief, found to be mistaken, that covering workers under pension and health plans when hired late in life involved the new employer in extra costs.

The Federal government sets no age limitations on hiring its own civilian employees; there is compulsory retirement at 70 provided the employee has worked for at least 15 years. By Executive Order the President in 1964 barred age discrimination by government contractors and subcontractors.

In 1967 the Congress in the Age Discrimination Act prohibited arbitrary discrimination on the basis of age for workers 40 to 65, and provided penalties to enforce compliance with its specific requirements. Similar legislation previously existed in 23 States.

The national Old-Age and Survivors Insurance system has been amended from time to time to increase levels of benefits and to provide for retirement for disability and for early retirement at 62 at the option of the employee. Private pension plans constitute a significant supplement to retirement income but provide for compulsory retirement (varying with the character of the industry) in the case of about 60 percent of the workers covered by the plans. Legislation now under consideration is designed to remedy a number of shortcomings in the private plans, such as lack of any vesting in more than one-third of the cases.

(2) Young Workers

Policy interest with respect to young workers now centers on high rates of unemployment amongst youth, especially the disadvantaged, whereas earlier interest centered on the prevention or regulation of child labor and the extension of general education prior to entry into work life.

The paradox is that while the U.S. keeps its children in school longer than does any other country to assure preparation for life-time activity, the unemployment rate is higher for youth than in other countries--only partly explained by the fact that students who seek jobs are enumerated as unemployed. Until the introduction of special youth programs in the anti-poverty campaign, there was a rising trend in their unemployment rate.

The new in-school, out-of-school, and summer job programs for the disadvantaged represent, however, only tentative approaches to fundamental problems, not yet fully explored or understood. The problem of building bridges between school and work involves many fundamental elements in American life in addition to educational preparation.

The youth for whom bridges to work are most adequate are those with the intensive preparation provided by professional training at the college level or beyond. But sizeable proportions of all other groups--especially high school dropouts, also many high school graduates and college dropouts--face serious difficulties as evidenced by unemployment, social discontent, and delinquency.

One general explanation of the high rate of unemployment for such youth has been that the early years of work life constitute a period of trial and error, the process by which youngsters try out a variety of jobs, before finding employment to their liking or opportunity for the accumulation of experience and progressive career development. But for those who cannot afford this process, especially the disadvantaged whose chances are the poorest, the question is raised whether the process is not unnecessarily inefficient.

Generally, prior to the new policy efforts, employers did not regard it as a responsibility to take students directly from high school and assume responsibility for their training. Youngsters were expected to meet the tests of the market from the beginning. Actually, much of their subsequent training would be incidental to job changing and experience on jobs rather than any carefully articulated program of training within a company.

In a cost-conscious economy employers were accustomed to hire only workers judged to be sufficiently mature, experienced, and capable of "carrying their weight" in the enterprise. During recent years of relatively high unemployment, employers generally had a choice of experienced as against young workers and, prior to new public efforts to help the disadvantaged, were under no pressure to do otherwise.

There is as yet no adequate body of knowledge on the complex relationships between the amount and quality of schooling, kinds of curriculum, and extent of counseling and guidance, on the one hand, and success in overcoming the initial difficulties to job entry, on the other.

In the Sixties the effectiveness of the public secondary school system began to be seriously questioned. And vocational preparation at the secondary and post-secondary levels was adjudged deficient, as implied by new efforts under the Vocational Education Act of 1963 to improve the quantity and quality of vocational education for better job preparation, as well as under the MDTA.

The continuing relatively high level of unemployment among out-of-school youth while there are job vacancies in a broad range of skills, has led to increasing attention to the means by which the transition from school to work can be accomplished more efficiently.

Employers' policies, practices, and attitudes toward hiring youth are undergoing examination. Fragmentary evidence exists that jobs are as tightly closed to youth as they have been to older workers on the basis of chronological age. Over-protective safeguards restricting jobs for youth and requiring adult minimum wages are being questioned as impediments to work experience and employment for out-of-school youth.

Consideration is also being given to the payment of training costs as in certain cooperative programs with employers in the city slums, and the further extension of cooperative school-work programs linking education and work experience.

Discrimination against nonwhites in access to training, as in joint employer and union apprenticeship programs, is being progressively eliminated.

New and special training programs are being devised to equip youths for available jobs while longer-run reform of the school system, with more linkages to the world of work, is under way. Attention is being directed to attitudinal, motivational, and cultural barriers to finding and keeping a job and adjusting to the world of work. Continued improvement is being sought in the whole of the testing, counseling and guidance process--in the

Youth Opportunity Centers for the disadvantaged in major cities, in each of the local employment service offices that is sufficiently large to employ specialized personnel, and in the Cooperative School Program of the U.S. Employment Service which serves more than one-half of the country's high schools.

(3) Women Workers

The major fact for public policy concerning the employment of women is that women desire participation in the world of work, for need of active participation in life outside the home as well as income. They constitute a relatively underemployed group and a continuing source of economic growth as job opportunities expand at full-employment levels of demand.

The Commission on the Status of Women in 1961 assessed the position of women in all phases of national life. Its report recommended that, in line with major social and economic changes affecting women's lives, changes be made in laws and institutions and in attitudes toward women's role in present-day society.

Two legislative responses to the Commission's recommendations were the Equal Pay Act of 1963 and Title VII of the Civil Rights Act of 1964 prohibiting arbitrary job discrimination on the basis of sex. As an outgrowth of the Commission's work, there has been established a Citizens' Advisory Council on the Status of Women and, throughout the country, State Commissions for continuing efforts directed toward employers, educators, government and women themselves--for better education for women, expanded employment opportunities, improved counseling and guidance, and more day-care facilities for the children of working mothers.

(i) Patterns of Labor Force Participation

Until about 1940 an American woman was more likely to work prior to age 25 than at any later age. Today she is likely to be married by 21 and to have borne her last child (typically the third) by 30; her children will be in school by the time she is 35. There is now a two-phase pattern for working life: work for a few years prior to marriage and birth of the first child, and a return to paid work when the children are in school or on their own.

Table 12. Labor Force Participation Rate of Married Women, March 1967

	(Percent)
ALL AGES	36.8
16-17 years of age	14.9
18-19 years of age	35.2
20-24 years of age	41.1
25-34 years of age	35.0
35-44 years of age	42.7
45-54 years of age	44.9
55-64 years of age	33.5
65 years and over	6.6

Source: U.S. Department of Labor. Refers to married women with husband present.

Nine out of 10 women now work at some time during their lifetime. The representative American woman is more likely to be working at age 50 than at 25. The majority are married and are homemakers as well as workers. The median age of women in the labor force is 40; about three-fifths are over 35 years of age.

Table 13. Age Structure of Female Employees

	Total	16-19	20-24	25-34	35-44	45-54	55-64	65+
				(Percentages)				
1950	100.0	8.7	14.4	22.2	22.9	18.3	10.1	3.2
1955	100.0	7.9	11.7	20.6	23.6	20.5	11.8	3.9
1960	100.0	8.1	10.8	17.7	23.1	23.1	13.2	4.0
1965	100.0	8.6	12.6	16.5	22.1	22.3	14.1	3.8

Source: U.S. Department of Labor, Bureau of Labor Statistics. Current Population Survey. Civilian employment, persons 16 years of age and over.

Table 14. Employment by Sex

	Total	Male	Female	Percent Female
		(in Thousands)		(%)
1950	58,920	41,580	17,340	29.4
1955	62,171	42,621	19,550	31.4
1960	65,778	43,904	21,874	33.3
1965	71,088	46,340	24,748	34.8

Source: U.S. Department of Labor, Bureau of Labor Statistics. Civilian employment, persons 16 years of age and over.

Women are concentrated to a considerable extent in low-skill, low-paid jobs. Women employed year round, full time in 1966 had a median income of little more than $4,000 in contrast to more than $6,900 for men, and the gap between women's and men's earnings had widened in recent years. For a variety of reasons their rate of unemployment is higher than for men, and has declined less during the expansion since 1961: unemployment of men 20 years of age and over declined from 5.7 percent in 1961 to 2.3 percent in 1967; the rate for women 20 and over declined from 6.3 percent to 4.2 percent in the same period.

The proportion of women in the work force is higher among nonwhite women than among white women (49.5 percent against 40.1 percent in 1967). Both rates have risen in the past few decades although the difference has narrowed with the growing interest of white women in paid employment. Unemployment rates of nonwhite women are also higher: 7.1 percent in 1967 for nonwhite women 20 years of age and over as compared with 3.8 percent for white women. In training and job-finding efforts for the disadvantaged, priority is given so far as possible to women who are household heads, as well as to adult men--as a matter of social policy, to maintain and restore individual families and the role of the family in social life.

Women's interest in employment--and their success in obtaining it--is strongly influenced by the extent of their education and training. In 1967 the proportion of women in the labor force was only 30 percent among those with 8 years of schooling, but 47 percent among high school graduates, 54 percent among 4-year college graduates, and 67 percent in the group with 5 years or more of college.

Concentration of women in a limited number of occupations persists despite growing efforts to break the barrier of traditional "female jobs." In the expanding scientific, engineering and technical fields, the number of women workers has been increasing but their proportion declining. College women continue to be channeled into their traditional professions of teaching, nursing, social work, and library science, where shortages have been persistent. Despite a doctor shortage the ratio of women in the medical profession is extremely low compared with other countries.

The increase in work participation by women reflects in part changing social attitudes on the part of men as well as women, and has occurred simultaneously with the differential rate of increase in employments--e.g., clerical occupations--where employers favor the employment of women and where part-time work is relatively readily available. Women are full members with men in all unionized employments in which they work. In 1966 about 3.7 million women were in about 150 unions; 1 out of 7 women workers were union members as against 1 out of 4 men.

The lower rate of labor force participation during the early years of marriage is a reflection of the need and desirability for young mothers to give first priority to the care of children. Women with children under 6 are likely to work only under special circumstances: where the husband is absent or the husband's income is relatively low. On the other hand, professional women can afford full day care for pre-school children and are more likely to work than others.

Once children are of school age there is a marked tendency for women to return to work, especially where hours of work result in little interference with home duties. In March 1967 the participation rate of women (husband present) with children between the ages of 6 and 17 was 45 percent as compared with 27 percent for those with children under 6.

(ii) Effects on Family Life

There is naturally concern in the United States that combining work with home duties may have harmful effects on the children of working mothers. Opinion is not unanimous, but studies appear to indicate that working mothers with interests and activities outside the home make better mothers and contribute more to the development of children than women with no experience in the world of work. Where there are truancy and delinquency, they appear to be the result of causes other than the fact of the mother's working, for example, broken homes, abject poverty, or city slum life. Where there is no broken home, there is no greater incidence of disturbed children; there is, on the other hand, some suggestion of greater nervousness and irritability on the part of non-working mothers (who also, usually, have more children) in their relation to their children.

Since so many married women now work, there is also much conjecture and speculation about the effect upon marital relations but little doubt that there has been a major social revolution in the attitude of husbands toward their wives working. Some studies indicate negative effects where, for example, a better educated wife may outrank her husband in job status and income. Otherwise, the evidence of studies and surveys appears to be as favorable for marital happiness as for the development and welfare of young children. Working mothers appear to be more mature, more of an equal with their husbands. Opinion surveys indicate that husbands with working wives have more favorable attitudes toward their wives' working than husbands whose wives do not work. Those who like to work, one study shows, make better companions in marriage than those who are dissatisfied as housewives.

Women have succeeded in combining work and homemaking to the relative satisfaction of their spouses and children in part because the availability of part-time work has permitted accommodation of family interests. Many mothers with husband present and children under six probably work because of low family income. About one-third, however, work only part-time and in most cases work less than 27 weeks during the year. More than one-fourth work full-time but for less than 27 weeks during the year; only somewhat more than one-fifth work full-time year-round. For those with children 6 to 17, there is about the same proportion working part-time, but for somewhat more weeks in the year, while nearly two-fifths work full-time year-round.

(iii) Part-Time Employment

Numerically the greatest opportunity for part-time jobs for women is in the clerical field, where in 1966 almost one-quarter of 10.6 million women worked 34 hours or less. Percentagewise part-time work outside agriculture is most common in the case of private-household workers, two-thirds of whom work part-time, and amongst sales workers, half of whom work part-time and only about one-quarter work at year-round full-time jobs. Women factory workers, however, usually work full-time and for more than 26 weeks a year, as is also the case for professional, technical, and managerial employees.

Part-time workers are in particular demand where extra workers are needed for relief perids during round-the-clock operations (e.g., hospitals) and for peak business periods (e.g., retail stores and restaurants). Other employers are sometimes reluctant to permit part-time work except in times of extreme labor shortages. They cite as reasons the expense and burden of extra recordkeeping, the difficulty of meeting tight deadlines, and the concern that use of part-time workers tends to result in an extra burden of responsibility or unpleasant tasks on full-time workers.

Largely to help increase part-time work opportunities for women who want them, various organizations--particularly the Federal government and women's groups--have established demonstration projects to prove that the advantages to be derived from employing part-time workers frequently outweigh any unsatisfactory aspects. In the Federal government, following removal of an administrative deterrent to the employment of part-time personnel, several agencies have initiated special programs for part-time workers. In several projects developed and operated largely by women college graduates, attempts are being made to persuade employers to develop additional part-time jobs, particularly for women with professional training. Some women's groups have encouraged adoption of partnership programs, in which two qualified women are recruited, paired, and placed on a part-time basis in one full-time position.

Employers also are taking the initiative in new efforts relating to part-time employment. After encountering difficulty in hiring qualified workers, some have instituted a special shift for housewives who are willing to work only a few hours every day or evening. Private companies have also been organized for the specific purpose of providing temporary or part-time workers in certain skills on short notice.

The net result has been an increase in part-time employment in the United States. Between 1957 and 1967 the number employed on voluntary part-time schedules in nonagricultural industries gained 55 percent, while total employment increased 16 percent. There is some tendency for part-time workers to be laid off before full-time workers in recession but less so than in the past, as part-time work is built into the structure of operations. Part-time workers are covered by the unemployment compensation and social security systems.

(iv) Day-Care for Children of Working Mothers

To date, organized day-care arrangements--day-care centers, nursery schools, after-school centers--have not played a large role in making it easier for working mothers to provide for the care of their young children. One survey of women working 26 weeks or more in 1964, with one child or more under 14, showed that only 2 percent of the children were in group care, and 8 percent were expected to care for themselves. Somewhat less than 50 percent of the children under 12 were looked after in their own homes, when not at a school, by relatives or a housekeeper. About one-third of the children under 6 were cared for by a relative or a non-relative in someone else's home. A considerable number of children of all ages represented in the surveys were looked after by the mother during work, or the mother worked only during school hours.

Public and private agencies have been actively at work in recent years to increase the availability of day-care centers. Federal grants are now available to States, and for the year ending June 1968, 46 States and 3 jurisdictions budgeted public funds for day-care services. New programs under the Economic Opportunity Act, the MDTA, and the amended Social Security Act as it relates to women on public welfare, have encouraged the development of day-care centers and nurseries for young children. It is estimated that there are now licensed facilities for about one-half million children, with the number of spaces increasing rapidly.

(4) Handicapped Workers

Ill health and disabilities limit the amount or kind of work in the case of about 10 percent of Americans in the labor force. The incidence of disabling health is about double for the unemployed than for the employed (14 percent against 7 percent in the case of men). However, disabilities are a major reason for non-participation in the labor force: more than 40 percent of men 25 to 64 years in 1964-65 were disabled, and more so in the case of blacks than whites. Except for mental illness, there is a striking correlation between family income and the incidence of chronic health conditions.

Some progress has been made in gaining employer acceptance of the physically handicapped. Yet only one-third of the blind of working age are employed; less than one-half of the 60,000 paraplegics; less than one-quarter of the 2 million epileptics; very few of the 200,000 afflicted with cerebral palsy. Employers of handicapped workers in sheltered workshops have exemption from payment of the full minimum wage under the minimum wage law, but there is no quota system in the United States requiring employers to hire the physically handicapped. The Secretary of Labor has recommended to the Congress that a subsidy be used to enable sheltered workshop workers to receive at least the full minimum. The President's Committee on Employment of the Handicapped, comprised of public officials and personalities from business, journalism, broadcasting and universities, is engaged in promoting employment opportunities for the physically handicapped by enlisting the cooperation of public and private groups. The U.S. Employment Service has specialized counseling and placement programs for the handicapped.

The 1965 amendments to the Vocational Rehabilitation Act resulted in almost immediate expansion of Federal, State, and private efforts to help prepare physically handicapped persons to return to gainful employment. Federal grants were increased to 75 percent of each State's rehabilitation expenditures. Grants in support of training in the whole range of academic disciplines related to rehabilitation were increased, as were funds for planning, research, innovation projects, workshops and other facilities.

In 1967 a total of 173,594 were rehabilitated into employment, including a substantial proportion who were severely handicapped, as a result of a stronger effort to reach them with new services. In broad categories, about 9 percent went into professional or management jobs and another 9 percent found skilled work. About 15 percent went into clerical or sales work, 5 percent entered agriculture, and 22 percent became semi-skilled or unskilled workers. About 24 percent went into service occupations, one percent were placed in sheltered workshops, and 14 percent resumed family duties.

Most of those rehabilitated for employment in 1967 were physically handicapped, but an increasing proportion were from the mentally ill (16 percent) and from the mentally retarded (10 percent). A great deal of activity has developed in the State agencies in relation to the Comprehensive Community Mental Health Program, supported by the National Institute of Mental Health on an out-patient basis, for emotionally disturbed people, to keep them able to function in the community. States are beginning to assign additional rehabilitation counselors and other personnel to these programs to give them added rehabilitation content.

Considerable gains have been made in methods preparing the mentally retarded for employment and placing them in jobs as a result of public support for research, demonstration and training programs. Under the MDTA, contracts have been entered into for on-the-job training in a variety of business and industrial activities. The Federal government has increased its own employment of mentally-retarded persons.

The remainder of those rehabilitated in 1967 had various physical handicaps. About 27 percent were handicapped by loss of limbs, paralysis, or skeletal-muscular troubles. Nearly 8 percent were blind or had visual impairments, 7 percent were deaf or had speech or hearing difficulties, and 4 percent had cardiac troubles. Special program efforts have been made to rehabilitate Selective Service rejectees and persons applying for disability benefits under Social Security.

(5) Seasonal Workers

Farming and construction are two principal sources of seasonality in employment. Particularly for migrants and other hired farm workers, seasonality is a major cause of low incomes and poverty; in construction, it contributes to casualization of the unskilled workers attached to the industry and to high building costs.

Seasonality is present to a lesser degree in other employments where its effects are mitigated by adjustments in weekly hours (as in manufacturing), by the availability of persons desiring part-time work (as in retail trade), or by opportunities for other employment in the off-season (as in tourism).

The U.S. Employment Service through its Rural Manpower Service gives continuing attention to problems of regularizing employment for migratory workers. Under its Annual Work Plan, itineraries are arranged for crews of farm workers to systematize the flow of seasonal workers along the various migratory streams. Some difficulties in scheduling have resulted from mechanization of certain crops which in effect create gaps in work journeys.

Various amendments to existing legislation (social insurance, housing, minimum wage, education, training) have sought to improve the conditions of migrant farm workers; similarly, the Migrant Health Act and the Farm Labor Contractor Registration Act. The President in his 1967 Manpower Report instructed the Secretaries of Labor and Agriculture to explore further ways to assist migrant and other seasonal farm workers.

The Federal government has exercised increasing supervision of foreign migratory workers insofar as the impact on job opportunities and wages is concerned. After considerable efforts in this direction in connection with the Mexican braceros, the enabling legislation (Public Law 78) was terminated in 1965 with the intent to provide additional jobs for American farm workers and to end the adverse effect of considerable foreign labor supplies on wage rates paid to domestic workers. The Immigration and Nationality Act is now the controlling legislation. Considerable numbers of Mexicans, Canadians and West Indians, who are resident aliens continue to be part of the seasonal labor force in the Southwest and the East.

On the other hand the government has done little in the past, directly or indirectly, to deal with problems of seasonality or casualization of employment among construction workers, despite high costs to the unemployment compensation system. Construction accounts for one-fifth of total unemployment in the United States, and one-third of construction unemployment is seasonal in character. Its unemployment rate is about double that of all other industries as a whole.

Unskilled workers and laborers are most affected by seasonality in the building trades. There is a greater seasonal swing in employment for construction laborers than for craftsmen. A high wage-rate industry, construction attracts both skilled and unskilled workers from outside the industry to meet its peak-season needs, but the unskilled workers are less able to shift into other industries in the off season. Seasonality traditionally has served as the justification for high wage-rates in construction, although a large part of the highest paid craftsmen have year-round employment.

Not much attention has been directed to techniques or incentives for the regularization of construction employment in the United States. Research and development activities by big firms or trade associations in the industry are relatively small. In a typically small-firm industry, moreover, there is a lag in the application of known methods for bad-weather construction by small-scale entrepreneurs. No tax incentives or subsidy schemes have been tried as in Canada and certain other OECD countries.

Following a request by the President in his 1967 Manpower Report, studies were initiated by the Secretaries of Commerce and Labor on manpower, economic, and engineering aspects of seasonality in construction looking toward possibilities for a positive program to deal with the problem. An Executive Order is now pending providing for regularization of the Federal government's own extensive construction activities and procurement. The 1968 amendments to the MDTA include a new Title IV requiring an exhaustive study of means for stabilizing construction employment.

CHAPTER 5. MEASURES FOR THE DEVELOPMENT OF MANPOWER

(1) Emergence of a Comprehensive Policy for Manpower Development

The new and characteristic feature of American employment policy is its emphasis on the development of human capacities for the self-fulfillment of individuals in their work life. It is in effect a restatement of policy that makes the individual both the subject and the object of policy; the improvement in the functioning of the system is secondary to the gains to the individual.

It is an emergence of a new policy emphasis and new programs without abandonment of preexisting institutions. It presumes a basic educational system, job training facilities, protective labor standards, income-maintenance arrangements, machinery for the organization of the labor market, and reliance to no inconsiderable degree on the forces of the market for mobility and wage compensation.

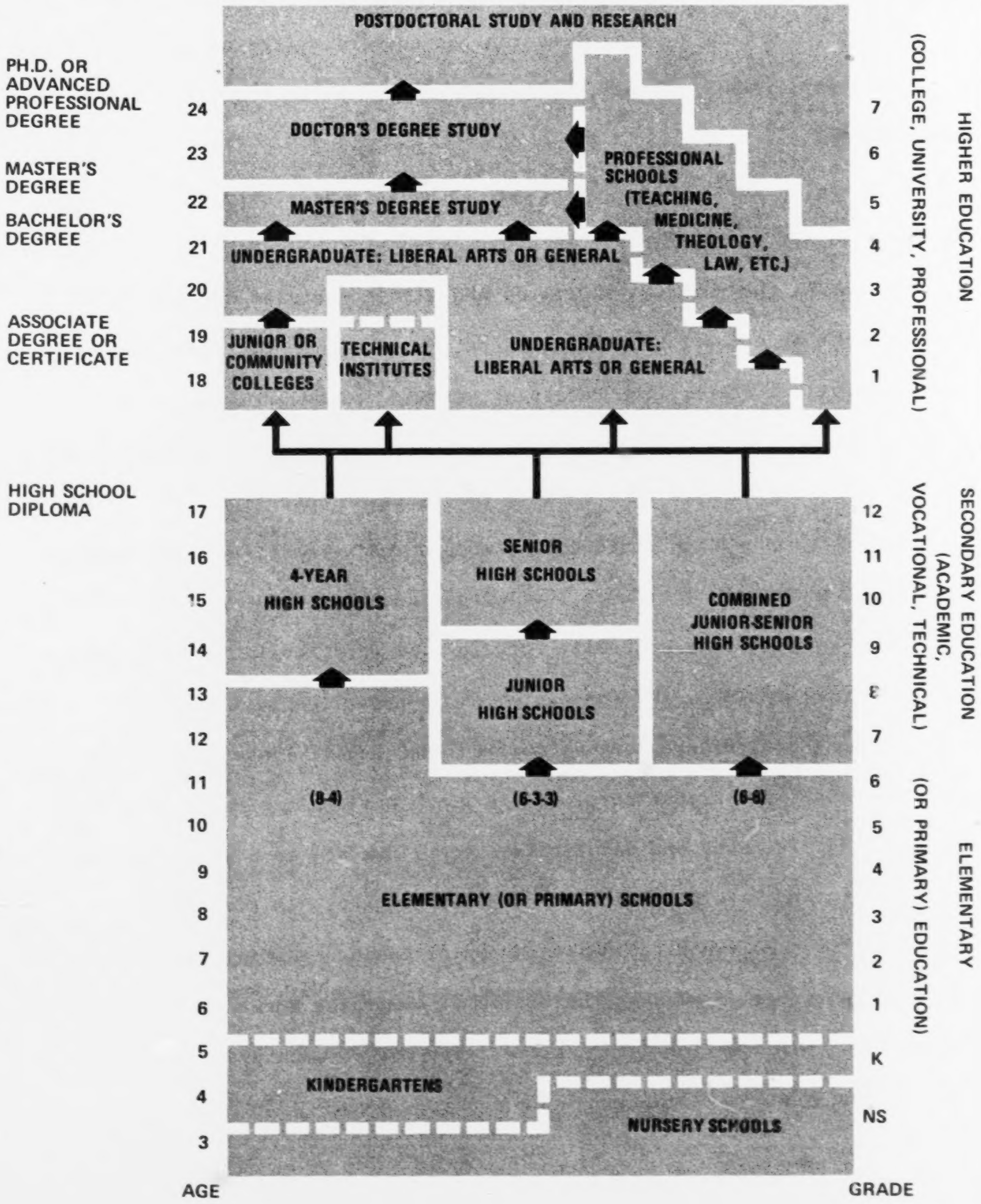
The essential mark of the new policy is the search for disadvantaged persons who have slipped through the slits of an impersonal social and economic system. It emerged out of a realization that the impersonal processes of education, training, job-finding, and successful participation in work in American society left behind a sub-culture of ill-prepared and alienated people, amongst blacks and poor whites, many dependent for years on public welfare, in the slums of large cities and in rural poverty areas. The new thrust is to give special help to those who need it while not neglecting improvement in underlying labor market institutions and programs.

So far there is much improvisation and experimentation, but also growing coordination and integration with the old, and transformation of the old.

The magnitude of the new effort is indicated by the increase in Federal expenditures for expanded and new manpower programs from $175 million in fiscal year 1962 to more than $2,000 million in fiscal 1969. Funds for the activities of the Federal-State Employment Service more than doubled--from $153 million to $331 million. Research and related activities were increased from $5 million to $43 million. In FY 1969, $400 million in new funds were committed to on-the-job training, $300 million for institutional training, more than $400 million for training activities such as the Job Corps, New Careers, and part-time or short-term MDTA programs. School and Summer Work programs for youth and other Community Work-Experience programs which did not exist in 1962 were operating at an annual cost of $422 million in fiscal 1969. Budgeted positions in the Federal-State Employment Service increased from 24,070 in FY 1962 to 31,937 in FY 1969.

Chart 7.

THE STRUCTURE OF EDUCATION IN THE UNITED STATES


POSTDOCTORAL STUDY AND RESEARCH
PH.D. OR ADVANCED PROFESSIONAL DEGREE
MASTER'S DEGREE
BACHELOR'S DEGREE
ASSOCIATE DEGREE OR CERTIFICATE
HIGH SCHOOL DIPLOMA
DOCTOR'S DEGREE STUDY
MASTER'S DEGREE STUDY
UNDERGRADUATE: LIBERAL ARTS OR GENERAL
PROFESSIONAL SCHOOLS (TEACHING, MEDICINE, THEOLOGY, LAW, ETC.)
JUNIOR OR COMMUNITY COLLEGES
TECHNICAL INSTITUTES
UNDERGRADUATE: LIBERAL ARTS OR GENERAL
4-YEAR HIGH SCHOOLS
SENIOR HIGH SCHOOLS
JUNIOR HIGH SCHOOLS
COMBINED JUNIOR-SENIOR HIGH SCHOOLS
(8-4)
(6-3-3)
(6-6)
ELEMENTARY (OR PRIMARY) SCHOOLS
KINDERGARTENS
NURSERY SCHOOLS
HIGHER EDUCATION (COLLEGE, UNIVERSITY, PROFESSIONAL)
SECONDARY EDUCATION (ACADEMIC, VOCATIONAL, TECHNICAL)
ELEMENTARY (OR PRIMARY) EDUCATION
AGE
24
23
22
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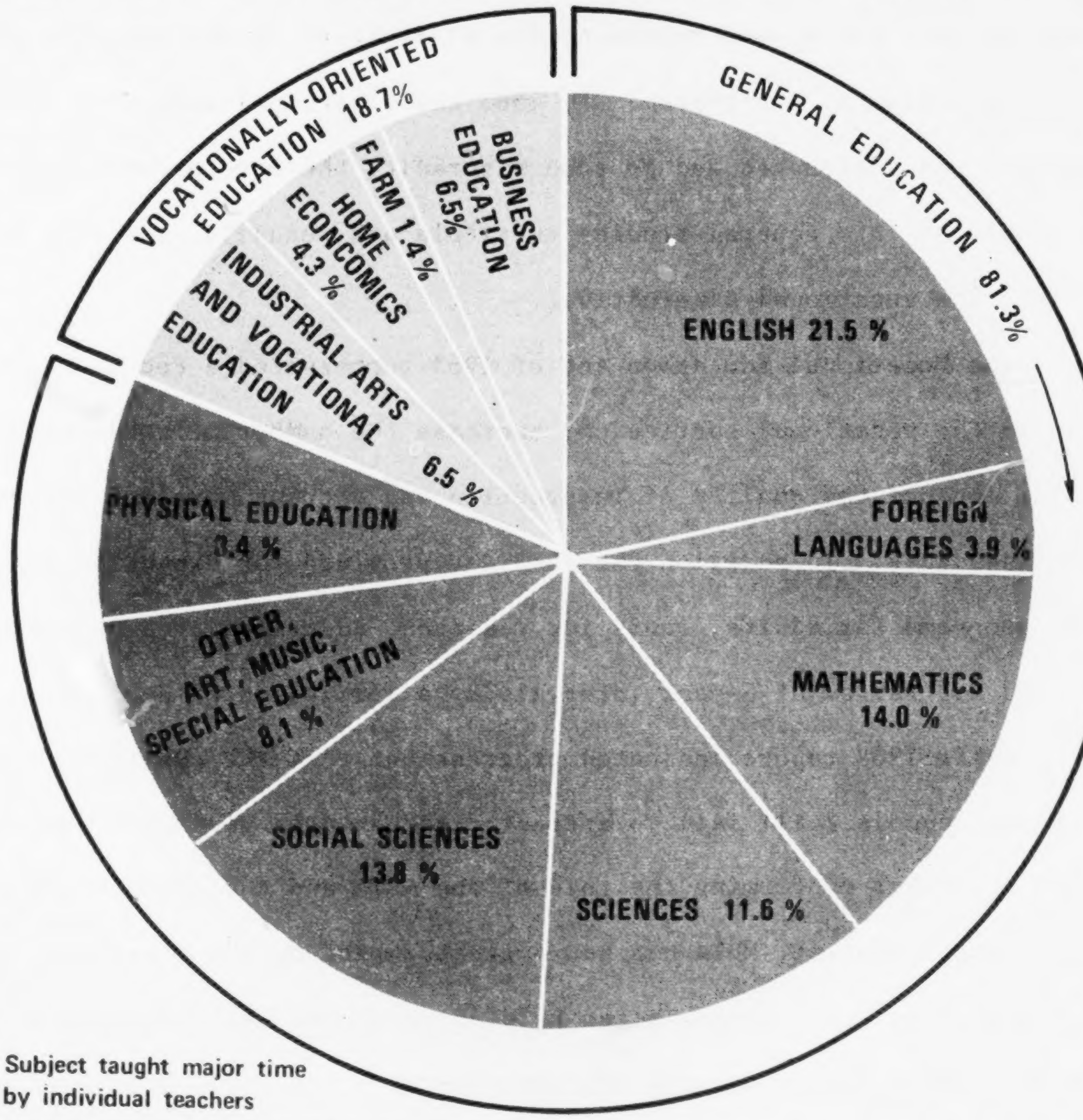
(2) Education and Training for Work Life

The new emphasis in manpower development in the U.S. should not obscure the fact that the new programs, while playing a critical role in meeting unmet problems and deficiencies (in the education, training, skill formation and employment process), are supplemental to the traditional and ongoing system.

There is considerable diversity in educational curricula throughout the American system unlike that in centralized systems. Schools at all levels are operated by the public authorities and also by private non-profit and profit-making organizations. While education is within the legal jurisdiction of the individual States, the Federal government through the Office of Education and by means of grants and subsidies, to the States and private institutions, has come to have considerable influence on education.

General education, through the comprehensive multi-purpose secondary school, is the primary instrument for preparation for working life. High school is a prerequisite generally for clerical white-collar and for many blue-collar occupations, and for entry into apprenticeship. The comprehensive high school offers several curriculums, usually described as the general, the college preparatory, or the vocational. It aims to take account of individual interests and capacities, yet allows all to attend the same school and to have a wide choice of optional subjects. A significant new development is the 2-year community or junior college in many local areas offering high school graduates the option of combining vocational education with arts and sciences for entering the labor market upon graduation or for transfer to a 4-year college.

Chart 8. **PERCENT DISTRIBUTION OF SECONDARY SCHOOL TEACHERS BY SUBJECT FIELD 1/ 1965**



1/ Subject taught major time by individual teachers

SOURCE: National Education Association of the United States.

Traditionally the skill acquisition process in the United States has rested upon four institutionalized methods--vocational secondary schools, on-the-job training by employers, private trade schools, labor-management apprenticeship programs--and a large residual method: informal training on the job and movement from job to job. In a 1964 study, 45 percent of workers reported that they had learned their job by casual methods from friends or relatives.

Vocational secondary schools, financed in some measure through grants by the Federal government, have been part of the public school systems of the States for many years, and represent one alternative in the flexible and varied curriculum of the system. By 1963 the vocational secondary school curriculum was antiquated and in some discredit; the more promising students were channeled into general studies curricula and, usually, the less promising ones into the vocational alternative.

The Vocational Education Act of 1963 represented a Federal effort to modernize the vocational curriculum, increase the number of vocational high schools, enhance the quality of instruction and attract more and better-endowed students. In addition the 1963 Act provided for expansion of vocational programs for adults, funds for research, additional teachers and buildings, and for review at 5-year intervals by a commission of experts.

Their 1968 report indicated progress but that the public secondary vocational schools still fail to attract disadvantaged youth and workers in need of training: confirming the role of the MDTA and the Economic Opportunity Act programs. However, MDTA has had a great impact on the vocational education system, and its courses, often held in vocational schools, remain a major instrument for retraining the unemployed.

Factual information on the scope of on-the-job training by employers, other than under MDTA on-the-job training, is fragmentary. Designed to impart skills required by the production of the particular employer, it may or may not give the trainee skills useful in case of a change in employment. On-the-job training is supplemented in many cases by off-the-job institutional training at technical and professional levels, financed (in part at least) by the employer. Joint training arrangements by employers within an industry or area are uncommon.

Private-profit trade instruction schools are a significant source of training in a number of fields including electronics, secretarial skills inclusive of business machine operations, computer programming, and a number of technician occupations.

Apprenticeship outside of individual companies consists mainly of cooperative programs designed and administered by trade unions and employers with some assistance by the Federal and State Labor departments. Its scope is relatively narrow: most significant in the construction trades, in printing and certain other employments which traditionally require highly skilled craftsmen.

In October 1968, the Secretary of Labor and the Secretary of Commerce jointly issued the Report of the Task Force on Occupational Training in Industry established at the direction of the President in 1967. The Report recommended passage of a national training act to provide permanent financial aid for training in private industry, and creation of a national council for promotion of occupational training. Government financial support for industry-sponsored training programs was recommended: to serve small firms not financially able to provide adequate training in their own establishments, where firms provided training for the general needs of the job market in specific areas of Government interest, as well as for training for the disadvantaged.

(3) The Impact of the Manpower Development and Training Act of 1962

The Manpower Development and Training Act of 1962 was a response to growing dissatisfactions with the training process as well as fears about the operation of the economy--too much unemployment while there were widespread occupational shortages, too many people ill-prepared or ill-motivated for work or unqualified for job opportunities created by the new technology.

What the MDTA did in the first instance was to create a new set of training programs for a new group of people alongside the old vocational education and private apprenticeship and training system--a small start but the opening of a door. Perhaps more, the MDTA, by staking out the field of manpower policy, by requiring an annual Manpower Report by the President on the manpower situation, and authorizing a vast research program and experimental and demonstration projects by the Secretary of Labor, provided the institutional basis for review, evaluation, and innovation.

The link between old and new was the authorization to take active steps to find those in need of training and to enter into arrangements with State and private vocational training institutions for the necessary training, largely at Federal expense.

Training may be furnished under three basic arrangements: (1) institutional training conducted in a classroom setting; (2) on-the-job training at the place of work during production time; and (3) coupled training both in the classroom and on the job. At the direction of the Secretary of Labor, the Department of Health, Education and Welfare is responsible for providing the necessary training involving classroom work, most of it through the State departments of education, under the various training programs and work experience programs. Decisions as to on-the-job training, classroom instruction, or a coupling of the two, made at the local level, depend upon the skill to be mastered.

The MDTA in recent years has added a considerable stimulus to on-the-job training through contracts by the Secretary of Labor with private employers. Such contracts specify the content of the training instruction, the daily hours of work, the total time period of the training, and the objective in terms of skill acquisition. The Federal payment is greater in the case of the new special programs, such as JOBS, (Job Opportunities in the Business Sector), where the employer provides additional services to increase the employability of disadvantaged trainees. Much industrial training continues outside the new public programs where, except in the case of formal apprenticeship sponsored jointly with trade unions, the employer is free of outside control in regard to the contents and duration of the training instruction.

Since 1963, some 1.3 million training opportunities have been provided under MDTA which would have not been provided in the absence of the new program effort. By June of 1968 more than 600,000 had completed training courses. The more structured training programs for the unemployed and the underemployed under MDTA include both institutional (in-school) and on-the-job (OJT) training projects--for jobs that are believed to be available in the community upon completion of training. Post-training studies indicate that over 75 percent are employed, and mostly in occupations for which they were trained.

Special studies also show a bettering of the wage earning status through training. The latest such comprehensive study, covering individuals completing MDTA institutional training during 1965 and 1966, shows a general upward shift in overall hourly earnings following training as compared with pre-training earnings levels: median post-training earnings were $1.73 per hour compared with $1.44 before--an advance of 20 percent in the average earnings level. Moreover, the most substantial impact was at the low-end of the wage scale, showing large numbers of former marginal and submarginal workers channeled to more acceptable wage standards after training.

From modest beginnings in 1963, the number of individuals who have received institutional or on-the-job training (under MDTA and under a number of other new legislative authorizations) has risen steadily: 259,000 individuals in fiscal 1967 and 451,000 in fiscal 1969. Other types of training programs (the Job Corps, New Careers and part-time MDTA programs) served an additional 124,000 in fiscal 1967 and 187,000 planned in fiscal 1969.

Because of the emphasis on the disadvantaged, both on-the-job and institutional training programs now include employment orientation, skill training with supplementary basic education, communications or employability training, including grooming and personal hygiene, standards of behavior and performance expected by employers, techniques of job-hunting, how to use public transportation, etc.--as is also the case in the special (less structured) work experience programs.

In 1967 new priorities allocated a major part of available funds and training positions to the most-disadvantaged--now defined as a poor person who does not have suitable employment and who is either a school dropout, a member of a minority group, under 22 or over 45 years of age, or who is handicapped. Approximately two-thirds of trainees in the MDTA training projects now come from the disadvantaged, while 100 percent of individuals served in the other training projects and in the work experience programs come from disadvantaged groups.

Concurrent with the rise of the MDTA and related new training programs, the traditional apprenticeship programs organized by the employers and trade unions showed new gains, expecially in new registrations in the metal-working trades. There are now about 215,000 apprentices in these programs, more than half training for construction trades. Partly because of the length of training required, a relatively high average age, and tempting job opportunities, only about one-half of the enrollees complete their full training program, or somewhat more than 25,000 each year. Nonwhites now represent 9 percent of new registrations.

(4) Development of the New System

By successive amendments to the MDTA, by the 1964 Economic Opportunity Act, and revision of regional development legislation and other measures, the basic authorization to the Secretary of Labor for sponsoring training and undertaking all incidental and related activities was broadened and liberalized. Notable was the wide discretion for experimentation, new approaches, new techniques, new institutional arrangements.

To concentrate manpower forces against poverty, the Cooperative Area Manpower Planning System (CAMPS) links Federal, State, and local resources in a coordinated effort while the Concentrated Employment Program (CEP) aims to pull together for each individual in certain slum target areas the various manpower and supporting services available in the community to fit him for getting and keeping a job. Through CAMPS the Model Cities Program and the training programs are to be developed in close collaboration. The Comprehensive Work and Training Porgram (CWTP) represents an extension of the idea of a single-agency sponsorship at the local level.

The local Community Action Agencies (CAA) of the Office of Economic Opportunity are the local sponors for most Concentrated Employment Programs; the CAA provides some services to individuals (for example, "outreach" and orientation) and coordinates the total effort. The Employment Service furnishes services such as testing, counseling, referral to training, job placement, and followup. Other community agencies, as needed, provide health services, vocational rehabilitation, work experience opportunities to inculcate good working habits, and opportunities for on-the-job training in either private or public employment.

Relatively new, CEP was first funded in FY 1967. By the end of FY 1968, programs were in full operation in 20 urban and 2 rural areas. Funds for operation of programs in an additional 40 places (32 urban and 8 rural) were authorized in late FY 1968, and planning contracts were being negotiated preparatory to inauguration of operations in some 20 other places later in FY 1969. The Federal government finances program costs of local Community Action or other private or public agencies. In other areas the local employment services assume the responsibility, under the new Human Resources Development (HRD) emphasis, for arranging comprehensive services to individuals.

Within local areas there is a wide variety of special programs to which disadvantaged workers may be referred to training or work experience in addition to the more formal institutional and on-the-job training programs. Department of Labor programs under the Economic Opportunity Act--the anti-poverty program--include the Neighborhood Youth Corps, New Careers, Operation Mainstream, and a Special Impact effort to help the poor in urban slums.

Since its inception in 1965 the Neighborhood Youth Corps has helped more than 1.5 million young people from low-income families to stay in school, return to school, or prepare for permanent jobs. In fiscal 1968 there were 195,000 youths served in in-school projects who received pay and job experience for part-time work, usually as clerical employees or educational service aides; more than 160,000 participated in out-of-school work projects in public and non-profit organizations and private industry. About one thousand summer vacation projects provided short-term paid employment for more than one-third million young people in the summer of 1968.

Operation Mainstream and New Careers provide somewhat similar remedial services, counseling, supportive services, and work experience for adults in public and non-profit projects that improve the community. Designed to prepare the seriously disadvantaged for competitive employment, Operation

Mainstream served more than 15,000 adults in fiscal 1968. New Careers, also still in an early stage of development, is designed to develop entry-level professional-aide jobs, with career-ladder possibilities (usually in undermanned fields such as health, education, welfare, neighborhood redevelopment, and public safety) in public and non-profit agencies.

The Department of Labor in cooperation with State and local welfare authorities also administers the Work Incentive (WIN) program under a provision of the 1967 Social Security amendments, for work experience and training designed to lead to meaningful employment opportunities for public assistance recipients, or if necessary, subsidized public or private non-profit employment--to break the cycle of poverty for those on public welfare who can be trained to work.

The Special Impact program provided remedial services, training, and work experience as part of a complex of programs to alleviate critical problems of dependency, chronic unemployment and rising community tensions, through economic, business and community development in eleven ghetto areas, in fiscal 1968. Special Impact is increasingly absorbed within the Concentrated Employment Program and JOBS.

New techniques are being explored in a number of local projects described in the 1968 Manpower Report, for older workers, slum youth, Mexican-Americans, rural areas, prison inmates--often on the initiative of non-profit groups.

(5) The Enlistment of Private Industry

The JOBS Program announced by the President in January 1968 was an outgrowth of the Test Program and the Ten Cities Program in which private employers were invited to make proposals for employing disadvantaged workers with financing provided by the Federal government. By June 1968, more than 900 proposals had been received, 430 contracts were funded covering 42,000 prospective enrollees at an average cost of about $2,700 per worker. It is expected to provide employment for 100,000 disadvantaged in 1969 and 500,000 by 1971.

Under the JOBS plan the cooperating companies, through a National Alliance of Businessmen, will provide training and employment to hard-core unemployed workers identified or referred by the Employment Service, and summer jobs to youth. The companies will bear the normal training costs. However, the persons hired under this program will be less qualified than those usually hired by the participating employers. Besides needing more training, many of them will require basic education, transportation services, correction of health problems, personal counseling, and other special help. The extra costs for these services will be borne by the Government.

The Model Cities Program under the Demonstration Cities and Metropolitan Development Act of 1966, providing for a comprehensive locally-planned attack on the problems of blighted urban areas, looks to the enlistment of private industry. Other public and private efforts also are designed to induce industry to provide employment and training in central cities and slums.

(6) Assessment of the Manpower Development System as a Whole

The educational and vocational training systems prepare most of the population for work life fairly well and have responded quite well to the changing requirements of a rapidly advancing technology.

Modern technology has itself reinforced the preference for general education that has emerged in the United States for reasons other than the manpower requirements of the economy. Job training designed to teach a specific technique in a sophisticated technology does not appear, in most cases, to require better schooling or higher intelligence on the part of workers than before. But technological change affecting blue as well as white-collar occupations has increased the need for retraining during the worker's lifetime. It is this prospect that has created a preference in business and industry for workers with the capacity to continue to learn and to adapt to new types of work, which is associated with broad education more than with narrow specialization.

However, the lack of vocational orientation in general education, the neglect of vocational training and its second-class status, inadequate counseling and guidance of the less academically talented or the more socially disadvantaged, have contributed to training and motivation shortcomings amongst the unemployed and the poor.

The new emphasis on the problems of disadvantaged persons as whole human beings--with training and retraining adapted to their individual needs, with attention to all personal factors affecting their capacity to find and keep a job, with concern for career-ladder possibilities and the risks of low-level jobs below their real capacities--is the capstone to employment policy in the United States today. The new institutions are still in a developmental stage, the old are in a slow process of adaptation. It is too early to evaluate with confidence how well the emerging manpower development system will serve future needs--"to enable every American to realize his full potential and to utilize it fully in his own and the Nation's interest."

JAPAN

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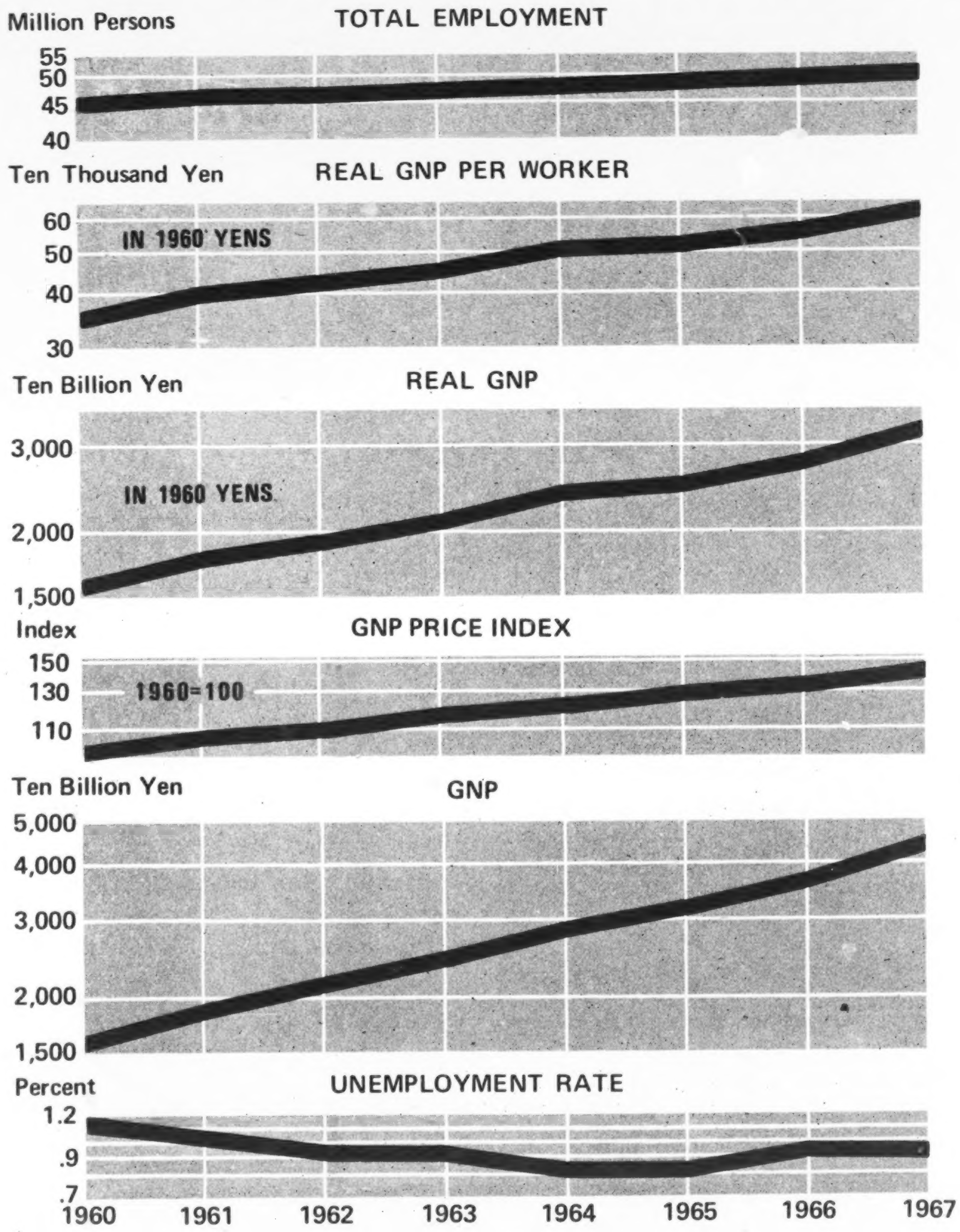
Chart 1. PERFORMANCE OF THE JAPANESE ECONOMY, 1960-1967



Employment Policies and Programs in Japan

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CHAPTER 1. BACKGROUND OF EMPLOYMENT POLICY

(1) Development of the Economy

The recovery and development of Japan's economy after World War II have been outstanding. Measured by any standard, an exceptionally rapid growth was attained.

The Japanese economy recovered to its prewar level around the middle of the 1950's., In the 10-year period from 1955 to 1965, the rate of economic growth averaged 9.8 percent per annum in real terms. For the long boom period, 1959-1961, the growth rate was 13.7 percent. Per capita national income, mining and manufacturing output, employment and real wages, reflecting the overall economic growth rate, advanced rapidly. Gross national product rose from ¥8.5 trillion in 1955 (¥9.6 trillion in 1960 prices) to ¥30.4 trillion in 1965 (¥24.2 trillion in 1960 prices). This represented an increase of 3.8 times in current prices or 2.5 times in constant prices. In terms of international comparisons, the Japanese economy pulled even with West Germany and the United Kingdom. Japan's per capita national income, however, is still low as compared with that of Western countries. For Japan, limited in material resources, it is necessary to maintain its high growth rate, illustrated in Table 1, and to promote exports, in order to raise levels of living to that of Western countries.

The rapid growth of the economy in the postwar years was marked by a high level of equipment investment, liberal financing, high saving rates and an ample labor supply (until recently).

In particular, fixed capital formation in Japan increased at a rate of 15.7 percent annually for the decade 1955 to 1965, and its share in the gross national expenditure (ratio of investment to GNP) was 30.6 percent. As a result, labor productivity increased greatly. In manufacturing industries, output expanded 8.4 percent each year on the average during this period.

Table 1. Gross National Product, Real Growth Rate of Economy and Per Capita National Income

Year	Gross national product	Real growth rate of economy	Per capita national income
	billion yen	Percent	thousand yen
1955	8,525	9.4	79
1956	9,508	8.3	86
1957	11,071	11.5	99
1958	11,342	3.7	102
1959	12,794	10.3	112
1960	15,308	15.4	135
1961	18,596	15.5	158
1962	20,863	7.3	178
1963	23,628	7.7	201
1964	27,782	14.4	227
1965	30,504	3.7	250
1966	35,092	10.7	285
1967	41,638	13.7	332

Source: National Income Statistics. 360 yen is equivalent to one dollar.

Behind this high level of equipment investment in the private sector was the urgent need to improve production techniques, so as to strengthen the power to compete in the international market. Therefore, new products, with new methods based on technological innovations from Europe and America, had to be created. As a result new industries came into being. Helped in part by the establishment of democratic systems of labor-management relations and the introduction of agrarian reforms in the postwar years, wages and farm incomes were considerably raised. As a result, internal demand on the domestic market expanded. In addition, disorganization of "zaibatsu" or financial cliques, together with anti-monopoly measures, gave impetus to competition among firms. All these developments combined in the realization of a high rate of investment.

The government, through indicative planning and related measures, suggested the course of economic development described above. It modernized investment techniques in the field of finance by consolidating specialized financial institutions servicing the more backward sectors, such as agriculture and middle-size and small businesses.

Credit policy was in general of an expansionary character. Banks made liberal loans to enterprises, encouraging their desire to undertake investment in new facilities and equipment.

It is to be pointed out that the attainment of this economic expansion was due to the large increase in savings available for investment. With the rise in income, the level of consumption went up 62 percent in the 1955-1965 period, while personal savings maintained a remarkably high level compared with those in Europe and America, rising from 8.2

percent in 1955 to 15.3 percent in 1965. The high rate of savings in Japan reflects in part the bonus and retirement allowances which, though part of income, tend to be saved rather than spent.

Furthermore, the universality of education in Japan--99.9 percent complete the nine-year compulsory requirement--helped to make possible the growth performance of the post war years. Beyond the compulsory requirements, many boys and girls go on to upper secondary schools and to colleges and universities. The system of vocational training has been modernized and facilities for training improved and expanded. These are the sources of a labor supply adaptable to the continuity of change in present-day industrial technology.

Table 2. Population and Productive-Age Population

	Population	Percent Increase	Productive-age population 1/	Percent Increase
	(millions)	(%)	(millions)	(%)
1950	83.2	--	53.8	--
1955	89.3	7.3	59.5	10.6
1960	93.4	4.6	65.4	9.9
1965	98.3	5.2	73.1	11.9
1970	103.3	5.1	79.5	8.8
1975	108.6	5.1	84.0	5.7
1980	113.3	4.3	88.2	5.0
1985	116.5	2.8	92.1	4.5
1990	118.6	1.9	95.9	4.1

1/ Population 15 years of age and over.

Source: 1950-1965, Office of the Prime Minister, Population Census of Japan.
1970-1990, Institute of Population Problems, Ministry of Health and Welfare.

(2) Population and Labor Force

According to the Census of 1965, the population of Japan stood at 98,000,000 persons, and as of the end of 1967 is estimated at over one hundred million. This is about half the population of America, and about twice the population of the United Kingdom, France, Italy or West Germany.

On the other hand, the total area of land in Japan is 370,000 square kilometers, that is, about a twenty-fifth that of America, a little less than that of France but a little more than that of Italy. Consequently, its population density is 266 persons per square kilometer. This makes Japan one of the world's most densely populated countries, ranking with the Netherlands and Belgium.

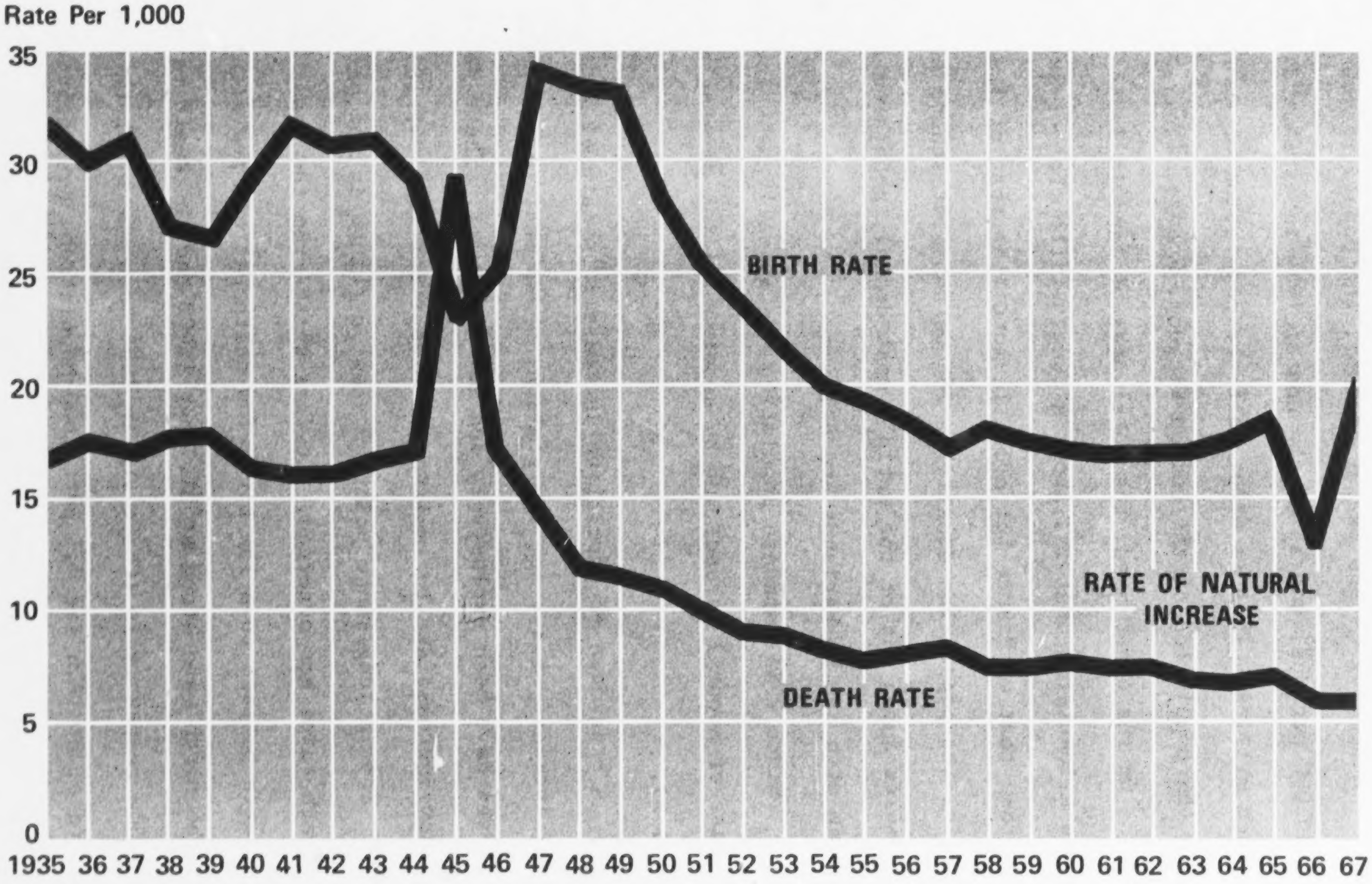
Since 1955 Japanese population has annually been increasing at the rate of about 1 percent, or by about a million persons a year. (Table 2).

A breakdown of population increase into natural increase and social increase, i.e., net immigration, shows that recent population increases have been exclusively due to the former. There has hardly been any increase due to immigration except for the 1945-1950 period.

From a long-range point of view, a change in the pattern of birth and death rates has occurred. It is a shift from the prewar high birth-high death pattern to a low birth-low death pattern prevalent now. In 1935 the birth rate stood at 31.7 per 1,000 and the death rate at 16.8 per 1,000 respectively (Chart 2). In 1965 both the birth rate and the death rate, at 18.6 and 7.1 per 1,000 population, respectively, were below the levels in U.S. and Europe. The small proportion of the advanced

Chart 2.

CHANGES IN BIRTH AND DEATH RATES IN JAPAN



SOURCE: Institute of Population Problems, Ministry of Health and Welfare.

age group relative to total population, as compared with European and American figures, explains the low death rate. However, international comparison of the death rates by age indicate that Japan is on about the same level as the countries of the West. It is estimated accordingly, that the death rate of the entire population will rise somewhat to 8.5 per 1,000 for the 1985-1990 period, owing to the projected increase in the number of persons in the advanced age group.

Table 3. Average Number of Births

	1930	1937	1947	1950	1955	1960	1965
Average number of babies per woman 1/	4.71	4.36	4.52	3.63	2.36	1.99	2.13
General fertility rate 2/	137.4	129.8	132.6	109.8	74.3	63.7	65.3

1/ Average number of babies per woman indicates the number of babies a woman bears in her life (15-49 years old).

2/ General fertility rate indicates the number of births per 1,000 women 15 to 47 years of age.

Source: Office of the Prime Minister, Population Census of Japan.
Ministry of Health and Welfare, Vital Statistics of Population.

Meanwhile, the birth rate stands at the lowest level internationally, and will fall in the future to an estimated 12.2 per 1,000 rate in the 1985-1990 period. It is therefore anticipated that with a change in the age composition of the population, the trend of population increase will slacken rapidly in the future (Chart 2.)

Now this trend of population is bringing in its train an increase in the proportion in the advanced age group. In 1965, for example, the ratio of the 0-14 age group stood midway between West European countries and America: the ratio of the 15-64 age group was greater than the corresponding ratio in Europe and America, but the ratio of the age group of 65 and over was below the European and American ratios. By 1965, however, the 0-14 age group, which was 36.9 percent in 1935, had declined to 25.6 percent, whereas the 15-34 age group had risen from 32.6 to 37.1 percent, the 35-64 age group from 25.8 to 30.9 percent and the age group of 65 and over from 4.6 to 6.3 percent. The increased proportion in the 15-34 age group is the result of the high birth rate in the war and prewar years (Table 4). Projections indicate that the number and proportion of persons in older-age groups will increase in the future.

Table 4. Age Composition of the Population

Age group	1935	1965	1990
Total	100.0	100.0	100.0
0 - 14	36.9	25.6	19.2
15 - 34	32.6	37.1	34.6
35 - 64	25.8	30.9	35.2
65 and over	4.6	6.3	11.0

Sources: 1935 and 1965, Office of the Prime Minister, population Census of Japan. 1990, Institute of Population Problems, Ministry of Health and Welfare.

The labor force increased by 8 million persons during the decade 1955-1965--from 40 million to 48 million. The annual rate of increase was about 2 percent, in excess of the relatively large increases in the U.S. and West Germany among Western countries. The labor force growth was the result of the increase from 59 million to 73 million persons in the productive-age population during the period.

But the labor force participation rate fell from 70.8 percent in 1955 to 65.7 percent in 1965, according to the Labor Force Survey. The decline in the participation rate was mainly caused by the rise in enrollment in schools, at higher levels, by the young. The labor force participation rate of adult females is higher in rural districts than in urban districts, as the former have many farms dependent on family labor. Recently the female farm labor participation rate has been declining, in part due to the total decline in farm labor, and in part to the rise in income levels. In contrast to female farm labor, the labor force participation ratio of adult females in urban districts is still lower than those in Europe and America, but female participation ratios in urban occupations are rising because of the growing demand for labor.

(3) Employment Structure

In prewar Japan, large manufacturing industries had already come into being. But in agriculture and forestry, as well as in small urban businesses, traditional family enterprises, operating at low productivity, were prevalent. This structure continued into the postwar period. But since 1955, under the impact of the high growth rate of the economy, the tradition-bound low-productivity sector has begun to disintegrate. As a result, the employment structure has substantially improved.

Those employed in the primary industries, who numbered 16 million in 1955, fell to approximately 12 million in 1965. Their ratio to the total employed dropped from 41.0 percent in 1955 to 24.6 percent in 1965 (Table 5). Though the proportion dropped to 24.6 percent, it is still high compared with the U.S. and European level. The decline in workers in the primary industry is caused chiefly by the reduction in the influx of school graduates and by the high percentage of deaths and retirements in a population whose average age is going up. Only 70,000 jobs in the primary sector were filled by new school leavers in the most recent figure as against 300,000 in 1955. Those who moved into the secondary and tertiary industries from the primary sector, centering around adult males, now approximate 200,000 to 300,000 a year. As a result, the average age of the workers in the primary industries has risen conspicuously, and the proportion of women has increased at the same time. On the other hand, during the same period, the ratio of those employed in the secondary sector rose from 23.5 to 32.3 percent and that of those employed in the tertiary sector from 35.5 to 43.0 percent (Table 5).

Table 5. Industrial Composition of the Employed

Industry	1955	1960	1965
Total	100.0	100.0	100.0
Primary	41.0	32.6	24.6
Secondary	23.5	29.2	32.3
Tertiary	35.5	38.2	43.0

Source: Office of the Prime Minister, Population Census of Japan.

Enterprises outside agriculture and forestry with less than 30 employees accounted for 53.6 percent of total employment, and those with 500 or more employees accounted for 14.4 percent in 1956. In 1965 the corresponding ratios were 44.0 percent and 21.7 percent. In manufacturing the development of the chemical and other heavy industries, generally large in scale and high in productivity, was remarkable. The ratio of workers in chemical and other heavy industries to all workers in manufacturing industries increased from 44.5 percent in 1955 to 53.3 percent in 1965.

In 1955 employees represented only 45.8 percent of the labor force. Agriculture in Japan is mostly a family business, and many retail and small manufacturing enterprises are family operated. In 1965, however, employees represented 60.7 percent, nearly two-thirds, of the labor force. This illustrates the shift to large-scale operations and the changes in production patterns.

Even so, since so many people are still working in primary activities, the ratio of employees to total employed is lower than in West European countries.

In the 1955-1965 period the geographic distribution of the employed also changed considerably. Thus the Kanto district, in which the capital of Japan is situated, contained 23 percent of all workers in 1955 and 27 percent in 1965.

During the 1955-1965 period, the number employed in agriculture, forestry, fisheries, and mining declined. Reflecting technological innovation, modernization of business administration and expansion of the service sector,--as well as the increased scale of production,--skilled workers and laborers increased by 56 percent and white-collar workers by 53 percent. In the '60's the increase in the proportion of white-collar workers has been particularly conspicuous (Table 6).

Skilled workers have up to now been mainly recruited from graduates of lower secondary schools; more recently, however, graduates from upper secondary schools are entering the skilled occupations. This trend reflects a rise in the enrollment ratios in the higher grades and also the increased demand for greater technical knowledge because of the impact of technological innovation upon industiral production processes. The ratio of upper secondary graduates obtaining their first job as skilled workers is now 1 to 4. However, this ratio is lower than that of lower secondary graduates which is 2 to 3, and a labor shortage of skilled workers is posing a serious problem in view of the higher proportion of students completing upper secondary studies.

Table 6. Occupational Composition of the Employed

Occupation	1955	1960	1965
Total	100.0	100.0	100.0
Professional & technical workers	4.8	5.0	5.2
Managers and officials	2.1	2.2	2.7
Clerical and related workers	8.2	10.2	12.7
Sales workers	10.7	10.8	12.0
Farmers, lumbermen and fishermen	40.4	32.4	24.5
Workers in mining & quarrying occupations	0.9	0.8	0.4
Workers in transportation & communications occupations	2.7	3.4	4.3
Craftsmen, production process workers, and laborers	24.0	28.6	31.0
Service workers	6.1	6.5	7.2

Source: Office of the Prime Minister, Population Census of Japan.

(4) Labor Demand and Supply

With the development of the economy, demand for employment in the modern sectors of industry has increased. The result has been that the previous condition of overabundant labor has vanished. Employment in the non-agricultural-forestry sectors increased during the 10-year period by approximately 70 percent, from 17 million in 1955 to 29 million in 1965, according to the Population Census of Japan.

Openings for workers through the public employment services have increased substantially. Job offers for new school graduates were outstanding: the demand for lower-secondary school graduates rose from 430,000 in March 1955 to 1,090,000 in March 1967, approximately a 2½-fold increase, and job offers for upper-secondary school graduates rose from 150,000 to 2,570,000 persons during the same period, a 17-fold increase. This tendency was more or less operative also for groups other than new entrants from school. The number of new job orders other than for new school graduates increased 80 percent between 1955 and 1965.

The 20.6 percent increase in the labor force from 1955 to 1965 was of the highest order in terms of international comparisons. Yet labor supply was lower than demand. Employment demand was concentrated on the new school graduates. As a result, the number of those seeking employment in farming or as self-employed workers or as unpaid family workers decreased. In this growth situation, the number of new graduates of lower and upper secondary schools available for jobs through the public employment services increased from 600,000 in 1955 to 830,000 in 1965. Job seekers other than new graduates seemed to decline gradually. The record supply was 420,000 persons in 1958, falling to 330,000 persons in 1967.

As a consequence of these tendencies, the situation in the labor market began to change gradually around 1960. The supply, mainly of new school graduates and young workers, became seriously short. Up to 1955, job openings were less than job seekers in the case of both lower and upper secondary school graduates. In 1960 job orders were about 2 times the number of job applications in the case of lower secondary school graduates, and about 1.5 times in the case of upper secondary school graduates. In 1967 job orders exceeded applications about 3 times for lower and upper secondary school graduates.

Table 7. Ratio of Job Openings to Job Applications

Year	General (except new school graduates)	New School Graduates	
		lower secondary	upper secondary
1955	0.2	1.1	--
1960	0.6	1.9	1.5
1961	0.7	2.7	2.0
1962	0.7	2.9	2.7
1963	0.7	2.6	2.7
1964	0.8	3.6	4.0
1965	0.6	3.7	3.5
1966	0.7	2.9	2.6
1967	1.0	3.4	3.1

Source: Japan Ministry of Labor, Statistics Based on Employment Security Activities.

In 1955, in the case of workers other than recent school graduates, the number of job openings (active job openings processed at public employment security offices) each month was only 0.2 times the number of job applicants (active job applicants). This was increased to 0.6 in 1960, and in 1967, job orders and job applications were in equilibrium (Table 7) for workers other than recent school graduates (new entrants). For these applicants under 35, job openings exceeded by 1½ times the number of job applications. However, for job applicants of advanced age (35 years and over), job openings were only 0.4 times as many as job applicants in 1967. Thus, labor demand in general became tight with imbalances in specific age groups, in particular occupations and in certain geographic areas.

(5) Unemployment and Underemployment

According to the Labor Force Survey, the number of totally unemployed was 760,000 in 1955. Subsequently, unemployment generally declined except for some cyclical movements. In 1967 the number of unemployed was 440,000. The rate of unemployment dropped from 1.8 percent in 1955 to 0.9 percent in 1967. (Table 8).

Table 8. Unemployed and Rate of Unemployment

Year	Unemployed (thousands of persons)	Rate of unemployment (percent)
1955	760	1.8
1956	710	1.7
1957	590	1.4
1958	630	1.4
1959	650	1.5
1960	500	1.1
1961	440	1.0
1962	400	0.9
1963	400	0.9
1964	370	0.8
1965	390	0.8
1966	440	0.9
1967	440	0.9

Source: Office of the Prime Minister, Japan Labor Force Survey.

While the labor market is tight and unemployment is low, in comparison with the U.S. and many other Western countries, Japan faces a problem of underemployment in various forms throughout the economy. Underemployment has been approached from several angles--such as level of income, working hours, productivity, and the subjective wishes of workers--but no satisfactory overall measurement has been found.

The three categories of persons shown in Table 9 are regarded in Japan, however, as indicators closely connected with underemployment. In total they numbered 2,780,000 in 1956, and gradually decreased in the strained labor demand and supply situation to 1,840,000 in 1965 (Table 9).

Table 9. The Underemployed as "Viewed from their Wishes."

Year	Total	Those wanting to obtain additional employment	Those wanting to change employment	Those wanting to obtain for the first time employment
			(thousands of persons)	
1956	2,775	415	932	1,428
1959	2,371	335	721	1,315
1962	2,011	431	671	909
1965	1,846	365	564	917

Source: Office of the Prime Minister, Japan Employment Status Survey.

Note: Those wanting to obtain additional jobs and those wanting to change jobs mean those already having a fixed job who are applying for another job, while those wanting to obtain employment for the first time means those who desire to take a regular job and are applying for such.

(6) Employment System

(i) Practices and systems on employment and wages

In Japan, since modernization first came under the Meiji Restoration, business, mainly the large enterprises, established a system of combining job assignment, advance in salary, and promotion, based largely on educational background and length of service. Under the system of life-time employment, young people, mainly new school graduates, are taken into service and trained to become the core of the prospective labor force of the enterprise. Their employment relationship with the company is then maintained until retirement age is reached. Because of the closed nature of the system, there is little mobility between enterprises. Middle-aged and older workers cannot change jobs readily because of the difficulty of reemployment.

But owing to dynamic changes in technology, length of service no longer provides the required proficiency in technical skills. Consequently management has initiated new moves, such as the introduction of wage systems based on work performance and ability, assignment of graduates from upper secondary schools to work in production departments, increased employment of middle-aged persons, extension of the retirement age in age-limit systems (the age-limit is in most cases 55), re-employment of those who have retired after reaching the age-limit and extension of the term of service beyond retirement age. Thanks to these new managerial policies, the labor market is gradually becoming more open.

However, the tendency to denigrate the status of blue-collar workers and overemphasis on educational background is a deeply rooted national characteristic; this seriously impedes the formation of a modern labor market.

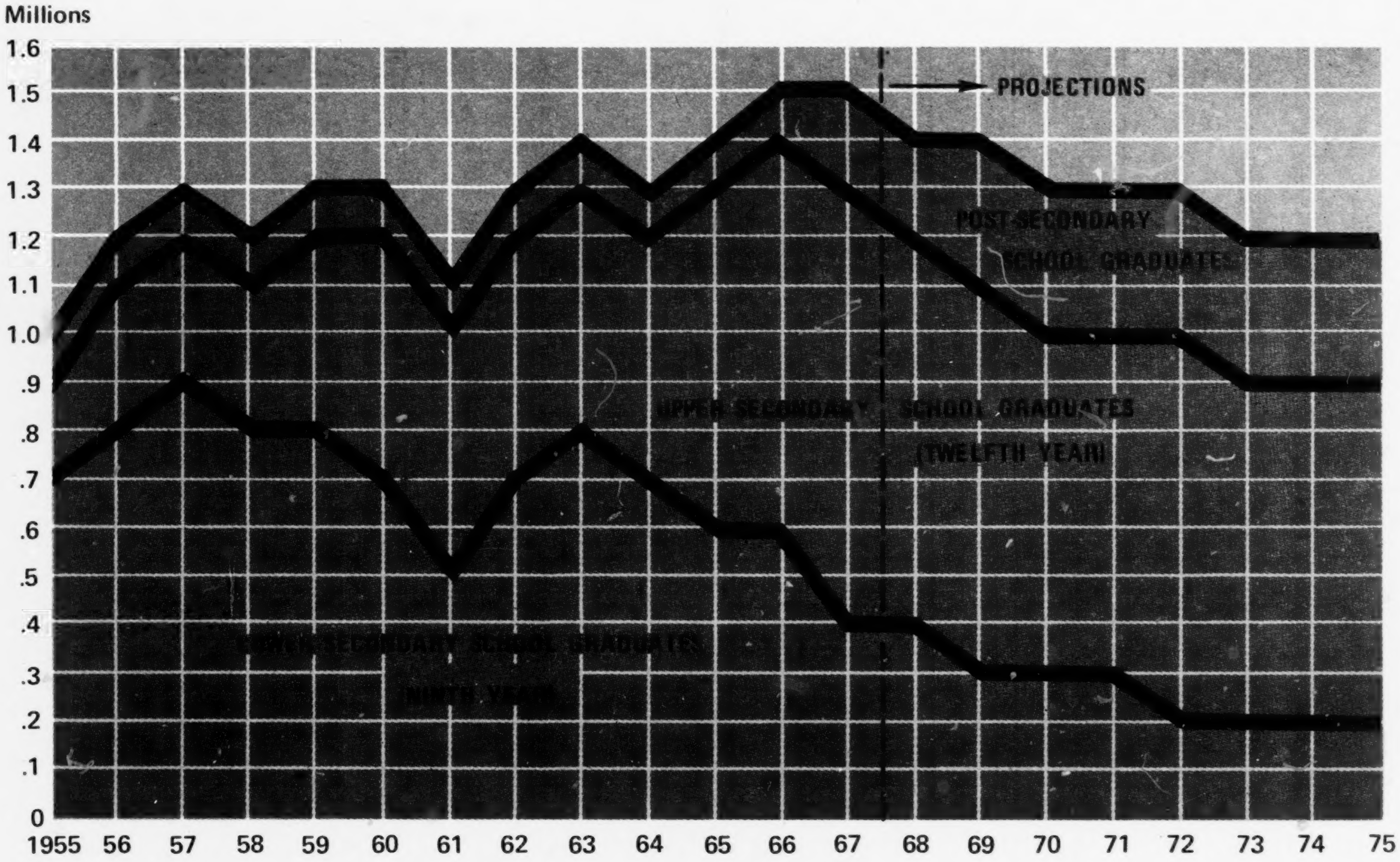
(ii) Entry to employment, change of jobs, separation from service

According to the Employment Trend Survey of the Ministry, new job entries in the principal non-primary industries, in firms employing 5 or more regular workers, numbered 3,590,000 in 1966; the rate of accession stood at 21.8 percent annually or 1.8 percent per month. Of these, new entrants, such as new school graduates and housewives, numbered 1,860,000 and those changing jobs 1,730,000 persons. In Japan the established practice to hire new school graduates in March and April (called "periodical employment") plays an important role in the hiring process. In 1966, out of 1,860,000 persons newly hired, 1,100,000 were new school graduates. As a general rule, entry to employment and job changes rise in booms and fall off in recessions. However, entry to employment of persons not having employment experience, other than new school graduates, is dependent on the volume of new graduates available for employment. New school graduates are expected to decline in numbers after the 1966 peak, so the volume of school graduates will in the future be less of a controlling factor in the labor market (Chart 3).

Personal contacts account for about 40 percent of all placements; advertisements and public employment security offices account for about 20 percent each (Table 10). As a rule, new graduates from lower secondary schools seeking employment are placed by public employment

Chart 3.

NEW SCHOOL GRADUATES ENTERING EMPLOYMENT



SOURCE: Japan Ministry of Education, 1955-1967; Ministry of Labor, 1968-1975.

security offices (excepting those who have personal contacts). In the case of upper secondary school graduates many schools themselves place their own graduates. But, taking both lower and higher secondary graduates together, the majority of graduates are handled through the public employment security offices.

Table 10. Proportions of Persons Taking Employment by Channels of Entry

Channels of entry	1964	1965	1966
Total	100.0	100.0	100.0
Public Employment Security Office	20.4	19.8	18.0
Schools	14.9	18.8	16.3
Personal connection	33.7	35.7	43.1
Advertisements	17.9	18.3	19.6
Others	13.1	7.4	3.0

Source : Japan Ministry of Labor, Employment Trend Survey.

Men account for about two-thirds of the volume of job changes, and young people 24 and below are more mobile than other age groups. Because the wage system based on length of service and the system of life time employment are widespread, persons above 24 find it harder to change jobs. Recently, because of the tight labor market for young workers, impediments to job mobility of workers above age 24 have been diminishing.

Job separations totaled 3,350,000 in 1966 at an annual rate of 20.4 percent, or 1.7 percent monthly. More than half were young people of 24 and less. Personal reasons such as marriage or job dissatisfaction accounted for about 80 percent of the quits. Reasons on the part of the enterprise, such as expiration of the contract term, age-limit practices, or other business considerations accounted for most of the other separations.

In Japan there is a lump-sum retirement allowance system by which workers, who enter an enterprise upon graduation and remain until they reach the age limit, are paid a lump-sum allowance equivalent to between 30 and 50 months' contract cash earnings.

Those who have paid their share of contributions to the social security system for 20 years are qualified to get a pension under this system at the age of 60. In addition, there is a growing tendency for companies to intorduce their own pension schemes.

CHAPTER 2. INSTITUTIONAL DEVELOPMENTS CONCERNING EMPLOYMENT POLICY

(1) Legislative Basis of Employment Policy

In contrast to the Federal-State system in the United States, the employment services are operated by the national government in Japan. This is significant for employment policy in Japan.

After World War II, numerous labor laws were adopted. Various measures were enacted in the field of employment in response to economic and social needs. Below is presented a review of Japanese employment administration with reference to its basic laws.

(i) Consolidation of foundations for employment administration--establishment of three basic laws pertaining to employment security

In response to the new Constitution, the Employment Security Law replaced the prewar Employment Exchange Law in November 1947. This Law was designed to further employment security and to contribute to the prosperity of the economy. It established the national employment security organization and formulated its functions. In principle, it abolished private fee-charging employment exchanges and private labor contractors.

In December 1947, the Unemployment Insurance Law was adopted. It created a uniform nationwide system of unemployment insurance operated by the national government. The payment preminum equals 1.4 percent of the total monthly wage paid. One-half of the preminum is paid by the employer and one-half by the worker. The insurance benefit is the equivalent of 60 percent of the worker's wage before separation from the job. It is paid for a period of 90 to 270 days depending on the length of time the worker was insured.

The eligibility for the benefit is determined by the public employment security office. Somewhat different from the practice in the U.S., persons quitting their jobs voluntarily may be paid the insurance benefit following a one-month waiting period. As a result, this scheme tends to facilitate job mobility at the initiative of workers.

In May 1949 the Emergency Unemployment Countermeasures Law was adopted. In the postwar years there was a lot of unemployment, and to cope with this problem the Law provided for Work Relief Projects by the government or by local public entities with government subsidies, and prescribed the rate of absorption of the unemployed into general public works. While this Law was enacted as an emergency measure, Work Relief Projects have survived to the present time. Certain reforms were introduced in the system in 1963, in response to the changed situation in the labor market.

(ii) Revision of legislation pertaining to vocational training and special types of persons separated from their jobs

In the latter half of the 1950's the labor market situation was still one of over-supply. With the rapid growth of the economy under the impact of technological innovation, labor shortages of younger workers and skilled workers began to emerge. There was greater demand for training and for obtaining the services of skilled workers. In response, the Vocational Training Law of 1958 was enacted. This Law aimed at consolidating the existing systems of vocational guidance, training of skilled workers and of supervisors and setting up a new system of skill tests in order to achieve rapid progress in vocational training administration.

After the termination of the Korean War in 1953, the U. N. forces and U. S. troops stationed in Japan began to withdraw. To counteract the resulting unemployment, the Law concerning Temporary Measures for Displaced Garrison Forces Workers was enacted in 1958. Under this Law it was envisaged that Countermeasures Consultative Councils for Displaced Garrison Forces Workers be set up at national and local levels, that various measures for employment promotion be undertaken, with special consideration given to vocational training.

Under the rationalization plan for the coal mining industry, it was inevitable that large numbers of coal miners would lose their jobs. The Law Concerning Temporary Measures for Displaced Coal Miners of 1959 was adopted providing for inter-area employment exchanges, for a program of emergency relief projects for displaced coal miners, for vocational training, preferential treatment of displaced coal miners in the hiring process of coal mining companies, relocation funds, vocational training allowances and the loaning of lodging facilities for workers, etc., by the Employment Promotion Projects Corporation. Subsequent amendments provided for special employment guidance, payment of an employment promotion allowance, and other benefits.

(iii) Legislation for disadvantaged workers

For employment of the physically handicapped, the Physically Handicapped Persons' Employment Promotion Law was adopted in 1960. It established job adaptability training for disabled persons, and an obligation on the part of the state, local public entities and other public bodies to meet specific employment quotas for disabled persons, and an obligation on the part of private establishments to try to employ disabled persons at or above the set quota.

By 1960, the imbalances between labor demand and supply by types of jobs, regions, industries and age groups became acute. It became necessary to set up a new organization for skill acquisition by the unskilled and for promotion of labor mobility. To this end, the Employment Promotion Projects Corporation Law of 1961 was enacted which established the Employment Promotion Projects Corporation.

In 1963, employment promotion measures for middle-aged and older unemployed persons were enacted through the amendments to the Employment Security Law. The objective of these amendments was to promote the return to employment of unemployed persons through vocational guidance, vocational training and job adaptability training. The amendments also envisaged that persons entitled to be employed in Work Relief Projects under the Emergency Unemployment Countermeasures Law should be confined in principle to individuals who had completed training courses provided by the amendments.

Labor in ports and harbors is, in Japan, a peculiar form of employment. This delayed for dock workers improvements that other wage earners already enjoyed. The Port Labor Law of 1965 had the objective of decasualizing the jobs of workers in ports and harbors and promoting their welfare.

(iv) Advance toward an active manpower policy

Forecasts predicted that a decreasing supply of new entrants in the latter half of the 1960's would intensify the existing labor shortage; and that owing to the changing industrial structure, considerable changes would occur in the character of labor demand. It therefore became necessary to develop an active manpower policy, enabling individual workers to fully develop their abilities, so as to achieve a better balance of labor demand and supply in regard to both quantity and quality, in harmony with general economic and industrial policies. To these ends the Employment Measures Law was enacted in 1966. The Act envisages that the national government should formulate a Basic Employment Measures Plan, which has to be submitted to the Cabinet for final determination; that the national government should collect and analyze information on occupations and employment, conduct research and give guidance to job seekers and employers, taking full account of all available information. Furthermore, the government was to modernize vocational training and establish a system of skill tests, and central and local governments were to pay job reconversion benefits so as to promote the employment of workers. In addition, the government, in order to promote the employment of middle-aged and older persons and handicapped persons, was to establish employment quotas (ratio of the middle-aged and older or handicapped to total employees) and to determine suitable occupations to which specific quotas would apply.

(2) Employment Plans

(i) The Basic Employment Measures Plan

The Basic Employment Measures Plan of 1967, framed in accordance with the provisions of the Employment Measures Law, is a five-year plan with fiscal 1967 as the initial year and fiscal 1971 as the target year. This Plan is intended to provide, in harmony with general economic plans, such as the Economic and Social Development Plan decided by the Cabinet in March 1967, the conditions and framework for attainment of full employment in the true sense of the term, thus to enable all individuals to engage in work commensurate with their abilities and to realize their human capacities. To do so, the plan projects the trend of employment and outlines the basic employment policy of the government to cope with expected developments.

a. Trend of Employment

The Basic Employment Measures Plan forecasts the trend of employment for a period of about 10 years. Salient points are:

(a) Owing to the decline of the productive age population and a lower labor force participation rate, the expansion of the labor force will slow down considerably.

(b) New school graduates taking employment will sharply decrease in numbers after the 1966 peak.

(c) Total employment will grow larger but the expansion of employment will slow down as a result of a more stable growth of the economy. Demand to replace workers by reason of death and retirement will increase so that employment demand as a whole will remain at a high level.

(d) Labor shortages will intensify in the first half of the 1970's.

(e) In addition to a tight labor demand-supply situation, structural changes in the labor market, e.g., aging of the labor force, better educational background of school graduates, and further technological innovation, will continue.

(f) After 1970 various forms of imbalances, such as shortage of skilled labor, employment problems of middle-aged and older persons, and instability of job holding, will persist or develop.

The government, committed to the strengthening of employment measures and eliminating impediments in the labor market, will therefore adopt the following measures.

b. Basic matters concerning employment measures

(a) The government will promote a steady expansion of employment opportunities, coordinate various measures pertaining to employment, and will further the modernization of the industrial structure. The government will ensure a regionally balanced development and consolidate and reform working practices and the social climate surrounding employment.

(b) To promote skills acquisition, the government will give priority to the spread of the technical skill evaluation system and improvement of the social esteem in which technical skills are held; establishment of fixed standards of training as general practice, and expansion of basic vocational training and education.

(c) As to the promotion of employment of middle-aged and older persons, the government will vigorously pursue these basic measures: promotion of research and study of the aptitudes and work abilities of middle-aged and older persons; improvement of their job adaptability, opening up of suitable jobs and setting of employment quotas; a review of the retirement-age system and development of a system of assistance for older persons in finding employment.

(d) Concerning improvement of the employment situation of seasonal laborers or the mentally or physically handicapped, the government will emphasize these basic measures: improvement in job arrangements; betterment of working conditions; and normalization of the channels of employment.

(e) To promote the formation of a modern labor market with greater emphasis on individual abilities and job performance, the government will pursue these measures: development of employment and wage practices with emphasis on ability, and correction of the social tendency to over-estimate educational background and to denigrate technical skills; securing of minimum working conditions; collection and analysis of employment information, and promotion and dissemination of research on occupational requirements and opportunities.

For the implementation of measures envisaged under the Basic Employment Measures Plan, annual employment plans are formulated and promoted at national and prefectural levels.

(ii) Basic Plan of Vocational Training

The Ministry of Labor formulated the Long-Term Basic Plan of Vocational Training in fiscal year 1960 and decided to train and secure skilled workers in organized fashion.

This Plan in effect intends to train a total of 1,550,00 workers--610,000 skilled and 940,000 semi-skilled workers--in part through public vocational courses, in part through training within industry, between fiscal year 1959 and fiscal year 1970. This would be the Government's contribution to satisfying the demand for 2,110,000 skilled workers and 2,060,000 semi-skilled workers estimated to be required during the period.

By fiscal year 1967, 97.2 percent of the target for public vocational training had been attained, but only 51.8 percent of the target for vocational training within industry was achieved.

Because considerable time has elapsed since the formulation of the Long-Term Basic Plan, and substantial changes have occurred in the labor market, the vocational training system is shortly to be revised. Likewise a new revised vocational training plan will be designed. Work on these revisions is in process.

(3) Employment Information and Forcasting

(i) System of employment information

To determine the direction of employment policy, pertinent forecasting is necessary. For this purpose, extensive data are needed.

Surveys are carried out chiefly by the Statistics Bureau in the Office of the Prime Minister in respect to all manpower questions, including the Population Census of Japan, the Labor Force Survey, and the Employment Status Survey. The Labor Statistics and Research Department in the Ministry of Labor conducts surveys including the Monthly Labor Survey and the Employment Trend Survey. Other labor market information includes the Operational Statistics, prepared by the employment security offices and the prefectural governments. The Labor Market Center Statistics tabulated centrally from data telexed from each terminal to the Labor Market Center Operation Division, with the use of an extra large-scale electric computer, are expected to play an important role in the future, as a repository of labor market information.

The statistical and other information thus obtained are utilized, apart from regular publication, in the Annual Employment Plan (drawn up once a year), the Labor Market Guide-book (published once a year), the Current Position and Forecast of Employment (generally four times a year), the Labor White Paper (once a year) and the Labor Market News (monthly by prefectural governments). The information contributes to the understanding and forecasting of employment tendencies for government purposes and for the needs of the general public, including employers and job seekers.

In conducting surveys and tabulating the findings, changes are made in survey methods and items to be tabulated as circumstances require, taking into account policy needs and the demand of users, although respecting the continuity of statistics.

(ii) Utilization of Information and Forecast

Thanks to progress in economics, mathematics and computer technology, the utilization and forecast of information are well established and of high quality.

The preparation of the input-output table is carried out jointly by the Ministries involved. The Ministry of Labor conducts the input-output analysis relating to labor force and economic activities. Although this task is somewhat limited due to imperfections in statistics, the input-output method has recently been applied also to inter-regional analysis and forecasting in a widening scope of application.

The development of econometrics has been utilized for forecasting through model building on a wide scale in recent years, not only by public agencies such as the Economic Planning Agency and the Ministry of Labor but also by private research organizations. It has played an important role in determining policies and attitudes in respect to long as well as short term questions.

In the preparation of the Basic Employment Measures Plan and of the Annual Employment Plan, forecasting based on econometric methods is utilized. Econometrics provides the basis for indicating trends of employment in the past and in the future.

Furthermore, a study directed toward the introduction of the PPBS (Program Planning and Budgeting System) has recently been conducted by the Economic Planning Agency. The Ministry of Labor also has initiated a review of its vocational training policy with the help of this method.

(4) Machinery for Implementation of Employment Policy

The chief agency responsible for employment policy is the Ministry of Labor, but the Economic Planning Agency, the Ministry of Education, the Ministry of International Trade and Industry, the Ministry of Agriculture and Forestry and the Ministry of Construction carry out policies affecting employment. The Economic Planning Agency, for example, studies manpower problems in the course of preparing economic plans and regional development plans; the Ministry of Education is much concerned with reconciling the purely educational concept of character building with requirements of industrial production and vocational education.

Mutual adjustment of the employment policies of the various ministries involved is achieved through coordination at the staff level, but special problems are settled by periodic meetings.

The Employment Council has been set up in the Office of the Prime Minister. It is an advisory body on matters pertaining to the employment policies of the government. The Council is composed of 20 learned and expert members. It investigates and discusses key problems of full employment. The Council may submit advice to the Ministers in question and to the Prime Minister.

(i) Employment Security Administration Organization

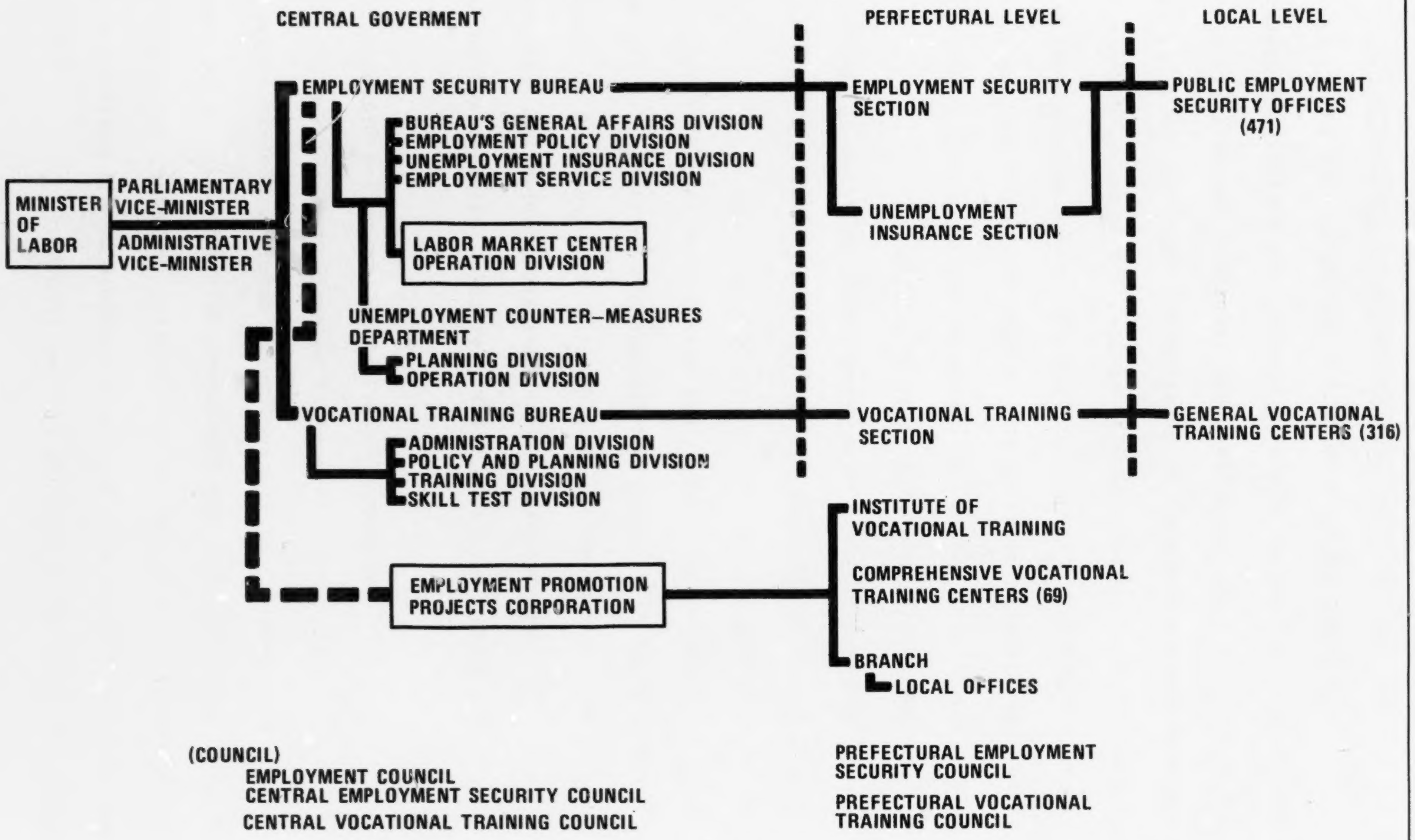
a. Public employment security organization

The framework of the employment security administrative organization has been established by the Employment Security Law. It is composed of the Employment Security Bureau of the Ministry of Labor, employment security sections and unemployment insurance sections of all prefectural offices and public employment security offices (PESO).

Chart 4.

JAPAN MINISTRY OF LABOR ORGANIZATION STRUCTURE

(As of December 1968)


CENTRAL GOVERMENT
PERFECTURAL LEVEL
LOCAL LEVEL
MINISTER OF LABOR
PARLIAMENTARY VICE-MINISTER
ADMINISTRATIVE VICE-MINISTER
EMPLOYMENT SECURITY BUREAU
BUREAU'S GENERAL AFFAIRS DIVISION
EMPLOYMENT POLICY DIVISION
UNEMPLOYMENT INSURANCE DIVISION
EMPLOYMENT SERVICE DIVISION
LABOR MARKET CENTER OPERATION DIVISION
UNEMPLOYMENT COUNTER–MEASURES DEPARTMENT
PLANNING DIVISION
OPERATION DIVISION
VOCATIONAL TRAINING BUREAU
ADMINISTRATION DIVISION
POLICY AND PLANNING DIVISION
TRAINING DIVISION
SKILL TEST DIVISION
EMPLOYMENT PROMOTION PROJECTS CORPORATION
EMPLOYMENT SECURITY SECTION
UNEMPLOYMENT INSURANCE SECTION
VOCATIONAL TRAINING SECTION
INSTITUTE OF VOCATIONAL TRAINING
COMPREHENSIVE VOCATIONAL TRAINING CENTERS (69)
BRANCH
LOCAL OFFICES
PUBLIC EMPLOYMENT SECURITY OFFICES (471)
GENERAL VOCATIONAL TRAINING CENTERS (316)
(COUNCIL)
EMPLOYMENT COUNCIL
CENTRAL EMPLOYMENT SECURITY COUNCIL
CENTRAL VOCATIONAL TRAINING COUNCIL
PREFECTURAL EMPLOYMENT SECURITY COUNCIL
PREFECTURAL VOCATIONAL TRAINING COUNCIL

Public employment security offices are set up throughout the country. As of Dec. 1, 1968, their total was 471; their personnel is about 15,000. Public employment security offices are government agencies. Their personnel are under civil service and appointed and paid salaries by the national government.

Liaison and coordination of public employment security offices are functions of Prefectural Governors under delegation of authority by the Minister of Labor.

The principal functions conducted by public employment security offices are: operation of employment exchanges, vocational guidance, determination of eligibility for unemployment benefits and payment of unemployment insurance benefits, as well as payment of job reconversion benefits and other allowances. Specialists, such as employment promotion officers and employment exchange officers, are assigned for counseling middle-aged and older persons and handicapped workers.

For the payment of unemployment insurance benefits, the practice in certain employment security offices now is to deposit funds in a bank, where the beneficiary, once his benefit is certified by the office, can draw his benefit payments. Until January 1965, determination of eligibility for unemployment benefits and job placement for the insured unemployed has been handled separately by the same employment security office. To ensure effective employment exchange operations for the insured unemployed, this system has been revised and both functions are handled jointly at the same desk or window.

The penetration rate of the public employment security service is about 20 percent. To effectively execute employment policies, it appears desirable to increase the penetration rate, however. To this end, various attempts have been made to make the public employment security office attractive to both employers and job seekers. Among devices to improve their image as the center for comprehensive services include the "Talent Banks" established in Tokyo, Nagoya, Osaka, Hiroshima and Fukuoka; "Special Corners" for women desiring to work part-time, set up in Tokyo and various other cities; the establishment of vocational courses for women; the distribution of the Labor Market News among employers and job seekers; the building of new offices and remodeling of old ones.

b. Labor Market Center

Within the Employment Security Bureau, the Labor Market Center Operation Division is in charge of the Labor Market Center. The Center was set up in July 1964. Its purpose is to rationalize and speed up the functions of the employment security administration and to increase the mobility of the labor force by dissemination of information on applications for workers and for jobs throughout Japan, and thus contribute to the formation of a modern labor market responsive to the needs of a developing economy.

The Labor Market Center comprises an extra-large electronic computer in Tokyo and a data transmission network linking 518 prefectural governments and local public employment security offices by private circuit.

Data obtained at all these public employment security offices and prefectural agencies are transmitted to the Labor Market Center Operation Division in Tokyo. All data transmitted are processed at the Operation Division and the results fed back to the local public employment security offices and prefectures as required.

At present the Labor Market Center deals mainly with inter-area employment exchange operations and unemployment insurance operations. The utilization of the labor market center for employment information, and creation of a "real time" system for immediate communication of job orders and job openings over a wide area, are amongst the tasks ahead.

c. Employment exchange activities by persons other than public employment security offices

A license by the Minister of Labor is issued to non-profit organizations (other than schools) if they provide their employment service free of charge and there is no reason to have unfavorable results; 76 such licenses had been issued as of December 1, 1967.

Universities, many upper secondary schools, and some other schools, conduct placement services for their graduates.

Fee-charging employment agencies are prohibited except for specified occupations when licensed by the Minister of Labor. Where fee-charging employment agencies are licensed, they have to abide by regulations concerning fees and other matters. Occupations permitted fee-charging employment agencies consist of 26 kinds of jobs requiring special techniques such as fine arts, music, cooking, and beauty culture. The restrictive attitude of the Employment Security Law towards fee-charging employment services is the result of the undesirable features which more often than not were characteristic of fee-charginig employment exchanges in the past. As of December 1, 1967, 1,446 fee-charging employment exchange agencies existed, and more than 60 percent of these specialized in placement of nurses and housekeepers.

Labor contracting is prohibited except where it is carried on free of charge by labor unions under a license by the Labor Minister. In fiscal 1967 such projects were licensed in 47 instances.

(ii) Vocational Training Institutions and Facilities

a. Public vocational training

Vocational training is divided into public vocational training and vocational training within industry. In turn, public vocational training may be divided into two main streams. One stream consists of that system of the Vocational Training Bureau of the Labor Ministry which includes: vocational training sections of prefectural governments (in certain prefectures the employment security section), general vocational training centers (at 316 locations throughout the country), and vocational training centers for disabled persons (in ten localities). The other system is that of the Vocational Training Bureau which includes the Employment Promotion Projects Corporation, the Institute of Vocational Training (in one center), and the comprehensive vocational training centers (in 69 places all over the country).

General vocational training centers are agencies of the prefectural governments; vocational training centers for disabled persons are set up by the central government, but their operation is delegated to prefectures.

Comprehensive vocational training centers are established and operated by the Employment Promotion Projects Corporation. They are welfare facilities of the unemployment insurance system. The comprehensive centers, compared with general vocational training centers of the prefectures, have certain advantages: they can conduct activities over an extensive area, and are not limited by prefectural boundaries; they can be directed to specific objectives of national policy (for example, regional development, relief measures for displaced coal miners); and they can provide a better quality of vocational training because of their superior facilities and equipment, and comparatively longer training courses.

In addition to the two systems, municipalities, nonprofit organizations, and labor unions may conduct vocational training under a license issued by the Labor Minister. Such organizations are considered to be engaged in public vocational training. The number of programs run by these organizations is relatively small.

b. Vocational training within industry

This type of vocational training is given by an employer to his employees. There are two varieties: TWI programs conducted by a single establishment (410 establishments) and TWI programs which are conducted jointly by several employers (609 associations, representing 43,983 establishments).

(iii) The Employment Promotion Projects Corporation

The Employment Promotion Projects Corporation is a separate agency with special legal status operating under the supervision of the Labor Minister, to serve specific policy purposes. It promotes the acquisition and improvement of skills by workers, and interindustry as well as geographic mobility. The Corporation engages in activities to further the placement of workers in jobs utilizing their full abilities and, in other ways, to further employee welfare and economic growth.

The Corporation's headquarters are in Tokyo. It has 7 branches and 8 local offices throughout the country. In addition, it operates a large number of training and welfare facilities such as the comprehensive vocational training institutes and housing facilities for persons moving to new locations to take employment.

In addition to employment promotion projects, the Corporation conducts programs for the relief and welfare of persons separated from employment with military forces stationed in Japan, for displaced coal miners, and for port and harbor workers.

In fiscal 1967 a new Consulting Office for Relief to Seasonal Workers was set up. Also in 1967 a consulting service for owners of small enterprises was initiated. In fiscal 1968, in order to conduct employment office services more effectively, the new Occupational Research Institute is to be established to undertake research studies on basic questions related to occupations developments and the measurement of occupational aptitudes.

The Corporation's functions and the employment measures of the government complement each other and are closely coordinated within the Labor Ministry.

CHAPTER 3. GENERAL EMPLOYMENT MEASURES

(1) Measures to Meet Labor Shortages

Since 1960 manpower shortages on the Japanese labor market have been severe with respect to new school leavers, young workers, and skilled workers in a broad spectrum, as a result of the high degree of economic growth in recent years. Currently about 70 percent of firms are experiencing shortages of workers of this kind.

Notwithstanding postwar gains, the gross national product per employee in Japan is roughly only one-half of what it is in West Germany, the U.K., or France. Thus there appears to be a considerable margin for improvement in productivity, for the saving of manpower, through new technology of a labor-saving character, and through better utilization of labor generally. In other words, since society as a whole including the industrial circle has been used to an abundant supply of manpower, it seems unable to adapt itself to recent changes in the labor situation, or to feel the shortage expecially acutely, although it appears to be more difficult than those experienced by Western countries.

As countermeasures to the prevailing shortages, the following basic approaches are being pursued by the Japanese government.

(i) Promoting Manpower Saving

Greater efficiency is to be sought by promoting labor-saving investments and by efforts to achieve greater efficiency in managerial and service functions within enterprises. Underutilization of labor in the service employments in the tertiary sector, to a degree not ordinarily seen in the U.S. and Europe, is to be brought under continuing scrutiny.

(ii) Reinforcement of Employment Exchanges

Improvement in the efficiency of the public employment services, at the point of job applications and job orders, is to be promoted in order to channel manpower into more productive work in the interest of betterment of national life and economic growth. Efforts are to be made to persuade employers in such fields of employment to improve their work conditions and to induce job applicants to enter them. Reform of vocational guidance and counseling is to be attempted to achieve a better understanding of alternative job opportunities amongst job applicants.

(iii) Modernization of Medium and Small-Scale Enterprises and Agriculture

In Japan, medium and small-scale firms represent a large portion of businesses and of workers employed. Also the ratio of those engaged in the primary sector, particularly agriculture, is high compared with Western countries. Productivity in small and medium business and in the primary sector is relatively low, and the capacities of those working in these areas of the economy are not fully utilized. Therefore, the modernization of medium and small scale enterprises and of agriculture is to be promoted.

(iv) Promoting Employment of Middle-Aged and Older Men and Women

Because the number of school graduates on whom business firms have been depending as their chief source of manpower will decline rapidly, the employment of middle-aged and older men and women, hitherto outside the labor force, whose abilities have not been fully utilized, is to be attempted.

(v) Measures for Development of Manpower

To improve the quality of manpower, countermeasures through education and training are to be further developed.

(2) Impact of Technological Change and Countermeasures

(i) Impact of Technological Change

As the result of the rapid increase in employment due to the high economic growth rate since 1955, unfavorable effects of technological innovations upon the level of employment have so far not been a problem. While there have been big changes in the occupational structures in individual enterprises, the system of life-time employment facilitated the transfer of personnel between occupations within the same enterprise. Separation from employment because of redundancy thus was not a great problem.

However, in the coal mining industry, which underwent significant changes due to the energy revolution, large numbers of persons were displaced and were unemployed for a long time. In the textile industry, problems of displacement and unemployment occur intermittently in times of reduced business activity.

Technological innovations have created jobs requiring high-level skills and techniques and new type of jobs, resulting in the need to expand vocational training and education in technology. On the Other hand, innovations frequently brought about repetitive operations and surveillance of instruments or simplification of operations, and tension for the worker.

(ii) Adjustment of Employment to Technological Change

For persons displaced because of changes in technology, there are a job reconversion benefit system, vocational training, housing for persons moving to new locations to take employment, employment promotion finance, etc. In coal mining and the textile industries, special unemployment measures are being carried out.

The establishment of the Vocational Training Standards Study Council facilitated investigations on the impact of new technology on skills, for the purpose of revising the contents of vocational training. In addition, an Experts Council on Monotonous Work was formed in 1967 to study the physical and mental effects of monotony in work situations involving repetitive operations or surveillance of instruments, and also possible remedial measures.

In the Occupational Research Institute to be established shortly by the Employment Promotion Projects Corporation, a full scale study is to be carried out concerning the consequences to employees of technological changes to promote employment measures necessitated by changes in technology.

(3) Status of Labor Mobility and Countermeasures

(i) Status of Labor Mobility between Industries and between Large and Small Scale Enterprises

The movement of workers between industries shows that while many workers change employment within the secondary industries and the tertiary industries, there is little movement between these sectors. Young workers represent the largest percentage of job changers. Of workers changing employment by moving into secondary or tertiary industries, more than half are in the 20-34 year age group. In general, those who transfer into secondary industries are older than workers moving into tertiary industries.

Transfers between large and small firms seem to follow these tendencies: In prosperous times there is a tendency of workers to move into large-scale industries (an upward move). The majority of workers change jobs within industries or firms of equal size (a parallel or upward move). The number of workers moving into industries or firms of smaller scale (a downward move) involve the smallest group. In 1966 the upward mobility ratio of workers was 35 percent of the total, parallel mobility 36 percent and downward 29 percent.

(ii) Status of Labor Mobility between Regions

Compared with urban, centers, wages and working conditions in agricultural areas are unfavorable; working hours are longer and more indefinite, income levels are lower, and cultural and welfare facilities are less prevalent. Because of this in part, the outflow of labor from rural to urban areas still amounts to as much as 800,000 annually. Three out of four of the city-bound workers are young men below age 19; most are graduates of lower and upper secondary schools. Many are second and third sons and young daughters, but about 20 percent of the males are boys who were expected to have taken over farms.

Also, commuting by members of farm families to work in nonagricultural enterprises is increasing in volume year by year.

According to an analysis of rural-urban migration, the areas into which labor flows are the southern Kanto, Tokai, and Kinki areas; the regions from which workers leave are the Tohoku, Hokuriku, San-in, Shikoku and Southern and Northern Kyushu regions.

The movements of population and labor force from rural areas and decaying industrial regions into large well-established industrial and urban areas have shown a remarkable increase in the 1960's. Excessive congestions in big cities such as Tokyo, Osaka and Nagoya have become acute. Difficulties in housing in transportation to work and school, and noise have been the result. In the environs of migrant-receiving urban areas, the increase in population has created various problems associated with unorganized urbanization.

Nonetheless, because of shortage of land and water as well as labor, decentralization of industries and movement of plants into less built-up locations is becoming quite common.

(iii) Countermeasures for Labor Mobility

For the benefit of those who have to change jobs because of stagnation of industries or obsolescence of technology, various countermeasures are being adopted to enable them to adapt themselves to work in expanding industries, jobs, or regions; countermeasures also are designed to redevelop and improve the skill capacities of such workers. The countermeasures are thus not merely a means of unemployment relief.

To help develop and promote skill acquisition, an allowance is being paid retrainees during the period of retraining and job adaptability training.

As to countermeasures to facilitate smooth inter-regional mobility, information on job vacancies and applications is furnished for use by the network of the Labor Market Center, and job placements over wide areas are carried out. To ensure that no hindrance should occur in the vocational training and inter-regional movements of labor due to economic and housing problems, means are provided to make use of the job reconversion benefit system, and houses are built and lent for use by the unemployed to facilitate relocation and thus to promote employment. Since 1963, 10,000 houses have been built for this purpose each year; about 40,000 houses have already been constructed.

For seasonal farm workers and for new school graduates from farming villages, various facilities and consultation services have been established in order to promote their adaptability for vocational training as well as for adjustment to urban life.

(4) Regional Development and Employment Measures

(i) Outline of Regional Development Policies

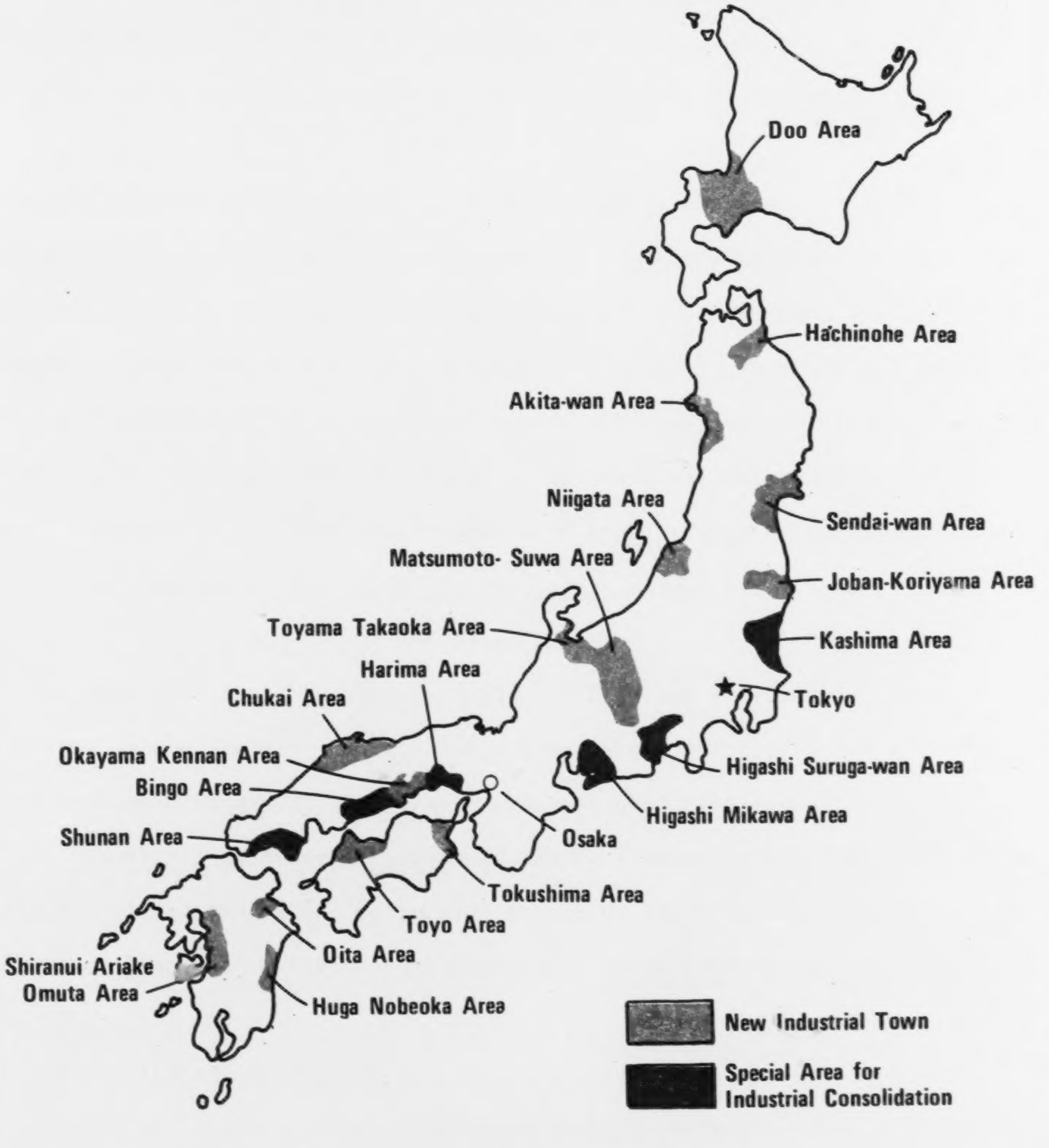
The Government in adopting an employment policy for Japan seeks a national development that would create a balance between the benefits of economic concentration in big cities and a diffusion of employment opportunities and social amenities throughout the country by regional development. In conformity with this basic idea, the government is trying to increase employment opportunities and to correct regional imbalances in labor demand and supply.

After the end of World War II, diverse legislation concerning regional development was enacted and plans designed based upon such laws. Stabilization and increase of employment were amongst the objectives. The legislation stipulates that the Minister of Labor can, for the purpose of stabilizing employment, participate in the execution of the laws insofar as they affect the designation of areas and the planning of basic policies for development. The present regional development plans based upon these laws try to regulate population densities and the demand and supply of labor, and to provide for vocational training facilities to meet prospective needs.

The Comprehensive National Land Development Law adopted in 1950 outlines the basic policy of regional development for the postwar years. Based upon this law, the National Comprehensive Development Plan was formulated in 1962. This Plan aims to prevent excessive expansion of large cities and to arrange for an effective distribution of population and industries to the end of correcting regional imbalances. The plan can be said to be based on the idea of "key-point development".

However, the concentration of population and production still continues in big cities, and the planned regional economic society has not

Chart 5. NEW INDUSTRIAL TOWNS AND SPECIAL AREAS FOR INDUSTRIAL CONSOLIDATION


Doo Area
Hachinohe Area
Akita-wan Area
Niigata Area
Sendai-wan Area
Matsumoto- Suwa Area
Joban-Koriyama Area
Toyama Takaoka Area
Kashima Area
Harima Area
Tokyo
Chukai Area
Higashi Suruga-wan Area
Okayama Kennan Area
Bingo Area
Higashi Mikawa Area
Shunan Area
Osaka
Tokushima Area
Toyo Area
Oita Area
Shiranui Ariake Omuta Area
Huga Nobeoka Area
New Industrial Town
Special Area for Industrial Consolidation

come into being. Therefore, a new national comprehensive development plan is to be formulated in the near future. In view of the rapid progress in the use of information and the importance of expanding the scale of production and markets, the former development system will be improved. To this end, the transportation and communications network will be extended so that the preconditions of regional development will be equalized over the country.

Besides a comprehensive development plan covering all of Japan, there are plans to facilitate industrial development in various regions and large metropolitan areas--for New Industrial Towns (in 15 districts) and Special Areas for Industrial Consolidation (in 6 districts). (Chart 5).

For these areas, favorable financial and tax and other incentives are provided, such as transfer of state-owned properties, measures for raising district bonds, guarantees of funds of enterprisers who select locations in district areas according to provision of the acts and favorable assessment of their local taxes.

(ii) Regional Employment Measures

The Ministry of Labor has established regional employment measures for large metropolitan areas, key development areas, and areas of prevalent unemployment.

As to the employment measures for large metropolitan areas, an all-inclusive program of post-placement facilities is being established to help young men, chiefly new school graduates, who have recently come to the city to get jobs, to adjust to work life and the urban environment and to become good adult workers and members of the community and society.

Possible labor reserves that may be available in urban areas and suburbs should be channeled through guidance devices to employment within the metropolitan areas instead of drawing additional labor from other areas.

For the purpose of increasing labor force participation (such as by housewives), the public employment security office is aggressively promoting the introduction and placement of part-time workers. To this end, funds are furnished from employment promotion finance to business firms willing to install day nurseries on their premises for the convenience of women employees.

In regard to measures for key development areas, help will be given to gradually establish centers for young working men, which provide facilities for culture, physical training and study. In 1969 the first institution of this kind will be opened in the southern area of the Okayama prefecture, an area designated as one of the new industrial towns.

In regard to measures for areas of prevalent unemployment, the Reemployment Plan for Displaced Coal Miners is formulated each year for placement of workers who are compelled to relocate due to the rationalization of the coal industry. For this purpose special inter-area employment placement and vocational training programs are being undertaken.

In those areas in which the number of workers receiving unemployment insurance benefits fluctuates widely seasonally, measures other than vocational training include the job reconversion benefit system and the employment promotion finance system. Since 1968, the year-round employment encouragement system for seasonal unemployment insurance beneficiaries has facilitated year-round and regular employment.

CHAPTER 4. EMPLOYMENT MEASURES FOR SPECIAL GROUPS

(1) Status of the Employment of Middle-Aged and Older Workers and Countermeasures

(i) Employment Status of Middle-Aged and Older Persons

Shortages of labor commenced first with the young age group and gradually extended to other age groups. According to a survey made in October 1967, the ratio of job applicants to job openings for those under 34 years of age was 0.7 whereas the ratio for the age group of 35 and over was 1.3. This indicates that placement of middle-aged and older persons is still more difficult than that of young men. In the case of job applicants older than 50 years, the ratio is 4.7 and job applications greatly exceed vacancies. (Table 11).

Table 11. Ratio of Job Applications to Job Openings

Age Group	1960	1961	1962	1963	1964	1965	1966	1967
Total	1.5	1.3	1.5	1.2	1.1	1.6	1.0	0.8
19 & under	1.4	1.3	1.2	0.9	0.4	0.6	0.5	0.4
20 - 29	1.5	1.2	1.4	1.1	1.1	1.7	1.0	0.8
30 - 39	1.4	1.1	1.2	1.0	1.1	1.6	1.0	0.6
40 - 49	3.7	2.6	2.8	2.0	1.3	2.1	1.2	0.9
50 & over	15.2	8.6	8.0	7.2	6.3	12.6	7.8	4.7
34 & under	1.4	1.2	1.3	1.0	0.9	1.3	0.8	0.7
35 & over	3.6	2.4	2.9	2.2	1.9	3.1	1.9	1.3

Source: Ministry of Labor, Statistics based on Employment Security Activities.

With increasing labor shortages, employment opportunities for middle-aged and older persons will improve. On the other hand, the number of middle-aged and older persons will increase, and because of difficulties in their adaptability to change, they are likely to continue to have problems.

The average life expectancy of older persons will be longer but in view of the prevailing trends, it is difficult to expect support from their sons or daughters; consequently their reemployment will become a vital matter for social policy.

(ii) Factor Hindering Employment of Middle-aged and Older Workers

In addition to the employment and wage system based on length of service, and the life-time employment system, the retirement age system is a major factor affecting employment opportunity for the middle-aged and older persons. Most large enterprises fix the retirement age at 55 years. On the other hand, public old age pensions are not paid until age 60. Despite the facts of improved health and greater capacity to work than in earlier years, the retirement age still remains on the lower (55) level of the past, which results in a hiatus with respect to both work and income.

Considering their mental stability and abundant experience in life and work, there are many jobs such as sales and service activities, suited for middle-aged and older persons. But due to a strong bias in Japan caused more by instinct than reason, toward the mental and physical adaptability of middle-aged and older persons, their reemployment is not progressing satisfactorily.

In certain fields where technological changes are rapidly progressing, there may be instances, however, in which these men cannot adapt to new jobs.

There are also difficulties of moving from their usual home, in order to take a job, which frequently bar them from available job opportunities.

(iii) Employment Measures for Middle-aged and Older Workers

In accordance with an amendment of the Employment Security Law in 1963, the system of "Employment Promotion Measures" has been established, whereby vocational guidance, job placement, vocational training and job adaptability training are carried out for middle-aged and older unemployed, with payment of allowances such as a job reconversion benefit.

At the present time other job reconversion benefits such as removal funds, payments for inter-area job-seeking activities are being furnished. The job reconversion benefit is also paid to employers. It includes funds for providing housing for middle-aged and older persons to be hired and also expenses for job adaptability training to help these persons adapt to their new vocational environment.

The number of persons employed by means of the Employment Promotion Measures was 55,000 during the period from October 1963, when the system was inaugurated, to May 1968.

The Employment Promotion Projects Corporation has also helped middle-aged and older persons to move and secure jobs by lending them houses and by other types of assistance.

Talent Banks designed mainly to take care of older persons and housewives, and special corners to handle employment of part-time workers, were established in 1966 and 1967. Remarkably satisfactory placement results have been attained through their special services. Additional installations are now being planned.

The selection of occupations suitable for middle-aged and older persons, and the publicizing of these, as well as the establishment of employment quotas for such occupations, are provided for in the Employment Measures Law and Employment Security Law.

In regard to the government and public offices, employment quotas for middle-aged and older persons were established in May 1968 (60-95 percent for 34 jobs such as chauffeur and elevator operator), based upon the aptitudes of middle-aged and older persons determined in 1964 by the liaison meeting in the Prime Minister's Office for promoting employment of middle-aged and older persons.

(2) Status of Youth Employment and Countermeasures

(i) Status of the Employment of Young Persons

In Japan the demand for young workers is strong. In March 1967 there were 3.4 job openings for every lower secondary school graduate taking employment, and 3.1 for every upper secondary school graduate taking employment. As regards 1967 university graduates, 93 percent were contracted for employment by March of the year. In the case of junior college graduates, 82 percent were assured of jobs by March. Reasons for the strong demand for lower and upper secondary school graduates, who constitute the major portion of those who find employment, are the life-time employment systems, easy utilization of young workers and their comparatively low wages. There is no structural unemployment for young men in Japan.

But the young men, since if they are still immature, are not always prudent in selecting employment, and in many instances change jobs especially because of the abundant opportunities. The separation rate of lower secondary school graduates, within their first year after graduation, is about as high as 20 percent; these are quits, on their initiative. Their lack of attachment to the working place is coming to be regarded as a serious problem.

Quite a few among those employed in urban areas are not able to adapt to urban life, although they are very much attracted to it. An increasing trend of criminal offenses among young working men has been observed recently. There is concern in Japan for young men--the mainstay of the next generation--who lose hopes for the future, because they have few advisers to turn to on job problems.

(ii) Employment Measures for Young Workers

To cope with problems of working youth, efforts are being made to identify problems of adaptability. Counseling materials for selecting appropriate jobs and information on job opportunities and vacancies are being collected. On the basis of this work, cooperation between the employment service offices and the schools is being strengthened.

To help promote vocational adjustment on the job and to prevent delinquency, efforts are being made to expand individual counseling and vocational training available to young working men, to promote technical skills, to improve welfare facilities (Working Young Men's Homes).

In fiscal 1968, employment measures for young workers were considerably expanded, e.g., improvement of employment exchange services to fit young persons into jobs suitable to their aptitudes and abilities, strengthening of after-placement follow-up to facilitate smooth adaptation to working life, and improvement of the vocational training and vocational education system.

One recent evidence of these policies is the establishment of Central Working Youth's Houses to help maintain and deepen the connections of young workers with their home towns and to provide physical training and cultural activities.

(3) Status of the Employment of Women and Countermeasures

(i) Status of the Employment of Women

Formerly most women workers were employed as family workers in agriculture. However, a conspicuous change has occurred in their employment with the modernization of the Japanese economy in the postwar years, and as a result of the recent tightness in the demand-supply relationship for labor. The proportion of women engaged in agriculture and forestry dropped from 51 percent in 1955 to 32 percent in 1965.

The percentage of employed women who were working as family workers was 55.5 percent in 1955 while only 33.2 percent were paid workers; these percentages changed to 38.4 percent and 49.5 percent, respectively, in 1965, as the proportions of paid workers and family workers became inverted. The self-employed remained relatively unchanged at 11 or 12 percent. The number of female employees, which was 5,100,000 in 1955, about doubled by 1965, namely to 9,130,000. This rate of increase was higher than in the case of men. Women constitute an increasing proportion of total employees in the Japanese economy. (Table 12).

Table 12. Employees by Sex

Year	Total	Male	Female	Rate of Female
		(in thousands)		(Percent)
1955	17,972	12,869	5,103	28.4
1960	23,575	16,419	7,156	30.4
1965	28,914	19,780	9,133	31.6

Source: Office of the Prime Minister, Population Census of Japan.

In Japan women workers used to engage in work for short periods while they were young. It was rare for older women to take jobs outside their home or to continue employment after marriage.

The average age of women workers was low, as compared with that of men. Their length of service was short, and the scope of job opportunities was comparatively narrow. There was a strong tendency to employ women exclusively for simple and unskilled work.

The recent increase of women workers, particularly that of married and older women, is all the more remarkable. The ratio of women over 30 years of age was 31 percent of the total female employees in 1955 (those aged above 40 and over was 16 percent). This percentage rose to 42 percent in 1965 (24 percent for those 40 years and over), as the average age of female employees increased from 26.1 years in 1958 to 29.0 years in 1967. (Table 13). Accordingly the ratio of married women among female employees has become higher. Among female employees in non-agriculture, the percentage of married women rose from 21 percent in 1955 to 34 percent in 1965.

Table 13. Age Structure of Female Employees

	Total	15-19	20-24	25-29	30-34	35-39	40-49	50-59	60 years and over
1955	100.0	25.5	29.7	13.4	8.1	6.7	10.6	4.3	1.5
1965	100.0	19.4	27.5	11.2	8.4	9.2	14.5	7.6	2.2

Source: Office of the Prime Minister, Population Census of Japan.

It should be noted that the rise in educational levels and technological progress have worked a considerable change in the range of employment for women. For instance, their entry into office work is remarkable; it now accounts for about 30 percent of all female workers. Similarly, the number of women workers engaged in professional, technical and managerial occupations is gradually increasing.

Changes in the living conditions of women, in addition to technical changes, have increased their inclination to obtain work outside their home. The drastic decrease in the number of children is one factor. The average child births for women during their child-bearing years declined from 2.36 children in 1955 to 2.13 in 1965. Also, the rationalization of household work created more free time. Rising living costs prompted more and more women to seek opportunities of gainful employment. A desire among women to use their talents and aptitudes effectively for the welfare of the community grew more and more. Social attitudes favorable towards women having jobs cannot be overlooked, either. Therefore, an increasing tendency of middle-aged and older women to seek paid employment can be expected to continue.

(ii) Part-Time Employment

With the increase in the number of married women workers, employment of women on a part-time basis also increased. In 1965, 11 percent of all business enterprises had part-time employees; in 1967, this ratio had risen to 18 percent. In industries such as wholesale and retail trade, manufacturing, personal services, finance and insurance, part-time employment is high.

Part-time employment has been rapidly expanding, but the number of workers employed on a part-time basis is still limited, as the practice of part-time work is a recent development. They consist mainly of production process workers, unskilled laborers and those doing service jobs. Some have recently obtained part-time office work.

(iii) Factors Hindering the Employment of Women

At the present time the number of women workers is increasing. Their areas of occupation are becoming more diversified, but it cannot be said that the skills of women workers are properly appreciated. In many instances women may have difficulties in assuming jobs at professional technical, and managerial levels.

Middle-aged and older women face, besides the general handicaps of middle-aged and older people, particular problems in employment. Many middle-aged or older women obtain employment for the first time, or return to work, after having stayed at home for a long time. Their knowledge and skills may be inadequate, and they may lack the training to perform the work.

Also, most of these middle-aged and older women have their family responsibilities and often find it difficult to harmonize their working life with household responsibilities. These factors make it difficult for them to obtain access to employment.

(iv) Measures for Women Workers

In order to enable these women to take an active part in the national development and to be able workers, even in technical and professional fields, the Women's and Minors' Bureau through the prefectural offices is trying to enlighten the public. Through information and review of suitable employments for middle-aged and older women, the attempt is made for these women to find work in a wider variety of fields.

With a view to facilitating the employment of women, the public employment security offices provide vocational counseling, vocational guidance and placement suitable to their aptitudes, abilities and the social status of their home. This function of the public employment security office will be further expanded, and a separate unit will be established to specialize in part-time employment and to strengthen vocational counseling, as well as placement of middle-aged and older women. To meet problems arising for middle-aged and older women having family responsibilities, extension agents of the prefectural offices of the Women's and Minors' Bureau, stationed throughout the country, will handle problems arising from the employment of middle-aged and older women.

With the increase in women workers having household responsibilities, construction of nursery schools and expansion of welfare establishments to harmonize the dual responsibilities for the family and for work have become an important problem. In this connection, substitute teachers are required by law as replacements for women teachers on temporary leave before and after child-birth.

Approximately 12,000 nurseries are operating pursuant to the Children's Welfare Law; 62 percent of these are public institutions. Their number is inadequate. Especially because of the shortage of nurseries for infants, the facilities now available do not adequately meet the demands of the rapidly increasing number of working mothers. The Health and Welfare Ministry is now constructing additional nurseries on an annual plan, and at the same time the Employment Promotion Projects Corporation is financing the establishment of nursery facilities on business premises. The Ministry of Education is planning to initiate after-school arrangements for pupils. The Labor Ministry is building additional Working Women's Houses as comprehensive centers for counseling, day-nursing, lectures on cultural and educational topics, where training and other services will be offered. The government's endeavor is to create better environmental surroundings for working women so that they will be able to apply their abilities successfully.

Part-time employment is a type of work which women with household responsibilities can easily assume. This type of employment tends to increase apace with the ever increasing labor shortage. Because of this, the forms of part-time employment and working conditions need to be realigned in the future.

Many of the aforementioned measures and policies, various kinds of vocational training, such as public vocational training, training within industry, household work training, etc., have been conducted to increase the work competency of women. For middle-aged and older women who desire to reenter the labor market, after a long period outside the labor force, a short-term vocational training course has been given since fiscal year 1967.

(4) Status of the Employment of Handicapped Persons and Countermeasures

(i) Status of the Employment of Handicapped Persons

Concerning the protection of handicapped persons, Japanese history records that blind persons were carefully cared for centuries ago. After World War II, vocational assistance for physically handicapped persons was taken up actively following the visit of Miss Helen Keller to Japan in 1948.

According to the "Survey on Actual Status of Physically Handicapped Persons," made by the Health and Welfare Ministry in 1965, there were approximately 1,050,000 disabled persons above age 18 (230,000 visually handicapped, 200,000 handicapped in hearing and 610,000 crippled); of these disabled persons, only 40 percent were in employment. This figure is quite low compared with employment figures of able-bodied persons.

The public employment security office urges handicapped persons who desire employment to register and explain their circumstances and professional abilities. These data then are used as a basis for placement. The number of employment applicants registered by 1966 was about 68,000, of which about 53,000 persons are presently employed.

There has been a tendency to handle the employment of physically handicapped persons from a philanthrophic standpoint. But because of the cost of providing special machines and equipment, and the need for special care or welfare arrangements, not much progress was made. More recently, since various kinds of assistance measures were established, and as the labor shortage became acute, interest in the employment of physically handicapped persons has grown.

(ii) Employment Measures for Physically Handicapped Persons

Since the enactment of the Physically Handicapped Persons' Employment Promotion Law in 1960, placement assistance and vocational training have been strengthened. Specialized staff was appointed to assist those who applied to the public employment security office for employment. With the help of a special job application registration card, vocational guidance was given under a case-work system which takes into consideration the degree of handicap, skill, aptitude, physical capacity, etc. Placement attempts have been made to find viable work places for the handicapped.

State and local public bodies, as well as private enterprises, are obligated by law to employ physically handicapped persons under a quota system. Further efforts are being made to advance measures for employment of handicapped persons by improving employment assistance measures and strengthening the functions of public employment security offices for placement.

To make entrepreneurs willing to employ physically handicapped persons, a system of long-term low-interest loans as a form of employment promotion finance was established recently to finance the construction of facilities and equipment required to ease the work operations of physically handicapped persons. Also, when physically handicapped persons need funds to start a business of their own, a system of liability guarantees is available; for those wanting to purchase automobiles for commuting purposes, another system has been established to provide financial assistance.

The Physically Handicapped Persons' Employment Promotion Law is not applicable to the mentally retarded. However, efforts for promoting their employment are being made through improved placement efforts and job adaptability training similar to that provided for physically handicapped persons.

(5) Status of Seasonal Employment and Countermeasures

(i) Status of Seasonal Employment

Seasonal workers are recruited from rural areas mainly by construction and manufacturing enterprises in urban areas. However, the accession rate for seasonal workers has declined as a result of the large rural to urban migration in the 1960's and the rapid aging of the population in rural areas.

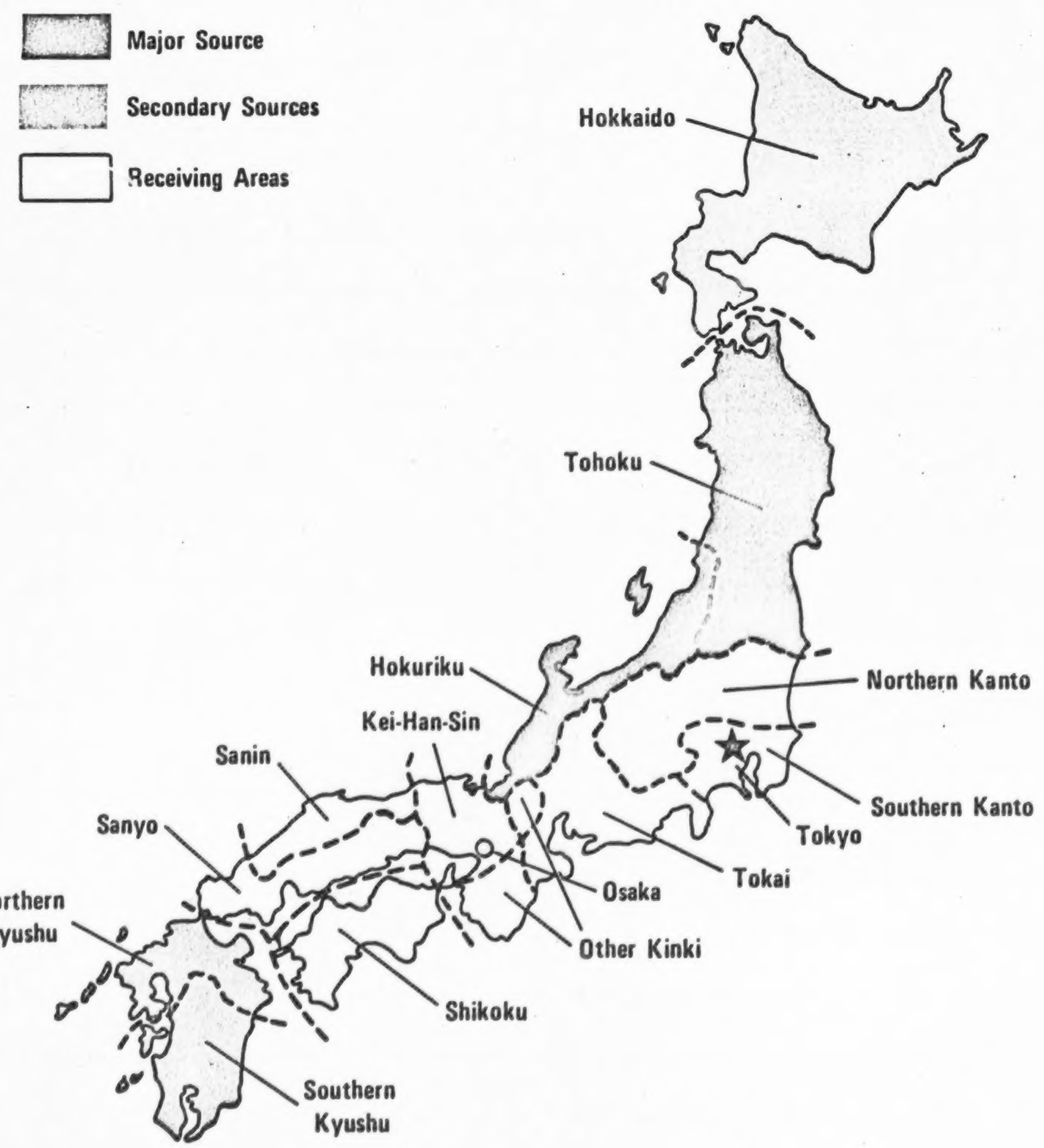
About one-half of all seasonal workers are from rural areas. Those from the Tohoku area account for 50 percent of all seasonal workers of rural background. About two-thirds of the rural total come from two areas--the Tohoku and Hokuriku districts.

The Kei-hin area with Tokyo at its center employs 40 percent of all seasonal labor; Kei-Han-Shin area, Chukyo, Northern Kyushu and the Seto Inland Sea Coast employ the remainder. (Chart 6).

The majority are those age 35 or over, and most of them are heads of farming households. If we add heirs, 90 percent of the total are those on whom their households depend for a livelihood.

As regards seasonal and migratory workers, they can be divided into two groups, summer-type and winter-type, according to their period of employment. The winter workers are placed mostly from November to March in places other than their own, as a side-job; three-quarters of these are engaged in construction and food processing. The summer workers are placed mostly from April to October; more than 70 percent are engaged in construction.

Chart 6. **REGIONS OF ORIGIN OF SEASONAL WORKERS**


Major Source
Secondary Sources
Receiving Areas
Hokkaido
Tohoku
Hokuriku
Northern Kanto
Kei-Han-Sin
Sanin
Sanyo
Southern Kanto
Tokyo
Tokai
Osaka
Northern Kyushu
Other Kinki
Shikoku
Southern Kyushu

Most seasonal workers do not get their jobs through the public employment security office. The hiring channels are obscure, especially in the case of construction which is the main industry having many seasonal workers. Their employment status is not explicit due to complicated relations with sub-contractors, and there are many cases of non-payment of wages, and frequent accidents. Many seasonal workers, being heads or heirs of farm families, find their farming responsibilities unfavorably affected.

(ii) Employment Measures for Seasonal Workers

For winter-type seasonal workers, who are utilizing the slack farming season to earn additional income, Japanese manpower policy aims to promote agricultural modernization to ensure self-supporting farms in the long-run, while at the same time encouraging industries suited to local conditions in farming areas and regional development. All this should provide employment opportunities to this group of seasonal workers and keep them with their families.

The policy concerning summer-type seasonal workers aims to enable them to get regular year-round employment by developing their skills through vocational training and using the job reconversion benefit system. To employers who hire a large number of these workers, assistance is being offered through the finance system for year-round employment to install facilities and equipment necessary for year-round employment.

Since 1965, a Seasonal Worker's Record is being provided seasonal workers in their home districts to identify them away from home. Training courses can be given them prior to seasonal job migration to impart a knowledge of working conditions and of safety. At major places of employment, in Tokyo and Osaka (and planned for Sapporo in fiscal 1968), a Consulting Office for Relief of Seasonal Workers has been established. It offers lodgings to them and members of their families, and counseling. An Employer's Seasonal-Worker's Establishment Card is given to employers of seasonal labor to identify the establishments, and to induce employers to recruit seasonal labor through the public employment security office. Extension agents of the prefectural offices of the Women's and Minors' Bureau are assigned to assist and promote contact between seasonal workers and their families at home.

In fiscal 1968, the Year-round Employment Encouragement System for Seasonal Unemployment Insurance Beneficiaries was created. This system provides that construction companies located in areas in which there are specified numbers of seasonal unemployment insurance beneficiaries (as designated by the Director of Employment Security Bureau) can employ such beneficiaries on a year-round basis and receive a subsidy for 3 months during the snow and cold season. By this device it is hoped to prevent seasonal unemployment and promote year-round employment. For those seasonal workers who cannot afford to return to their homes, a new system has been established which offers them loans.

CHAPTER 5. MEASURES FOR THE DEVELOPMENT OF MANPOWER

(1) Economic Development and Education and Training

(i) Development of Vocational Training

In olden times, vocational training was carried on by means of the system of apprenticeship. Public authorities have dealt directly with vocational training for about the last half century. Up to 1958, when the present Vocational Training Law was enacted, vocational training had been carried out in two streams. One stream emphasized training primarily as a measure to combat unemployment, by preparing workers for available jobs. The other stream was mainly designed to protect apprentices.

But, in order to secure skilled manpower required for economic growth, and to improve the social and economic status of the workers through the improvement of their skills, vocational training since 1958 has undergone a profound change in character--from a rather passive role in the past to a more positive one. Thus vocational training has come to be recognized as a key instrument in the new active employment policy in Japan.

The new approach concentrates upon developing occupational capacities through vocational training in order to prepare workers to engage in productive jobs corresponding to their aptitudes and abilities and utilize these to the full extent. It has become an important task of vocational training to implant a pride of occupation and spirit of workmanship in the minds of youth upon whom the future development of the economic society of Japan depends, and to contribute to the development of individual personality and character of young workers. Furthermore, to provide new skills and employment to middle-aged and older workers displaced by technological innovation and changes in industrial structure, reform and expansion of vocational training institutions were required. To cope with these tasks, the Ministry of Labor attempted a systematic redevelopment of vocational training based on the 1958 Law--not only to enhance workers' skills but, through the skill test, their occupational and social status.

One of the characteristics of Japanese vocational training is that public vocational training and vocational training within industry are considered equally important for the formation of skills. Consequently, various measures have been taken to promote both types of training. In public vocational training the main emphasis is placed on the training of workers to meet skill shortages in industry and on skill formation to enable displaced workers (those who have given up their jobs for new ones or those who have lost their jobs) to find reemployment. For vocational training within industry, guidance and assistance are provided in various ways. Financial assistance is provided, where necessary, for schemes carried out by groups of medium or small-scale enterprises.

Both public vocational training and vocational training within industry attach more importance to meeting current requirements of industry than to classroom education; for instance, more time will be devoted to the practical training of skills than to non-workshop teaching of subjects, and the teaching of subjects is very closely related to the formation of technical skills. However, in the initial training of younger people, such as new school graduates, growing emphasis is given to subjects of general education for the development of individual capacities and of adaptability required in an age of technological innovation.

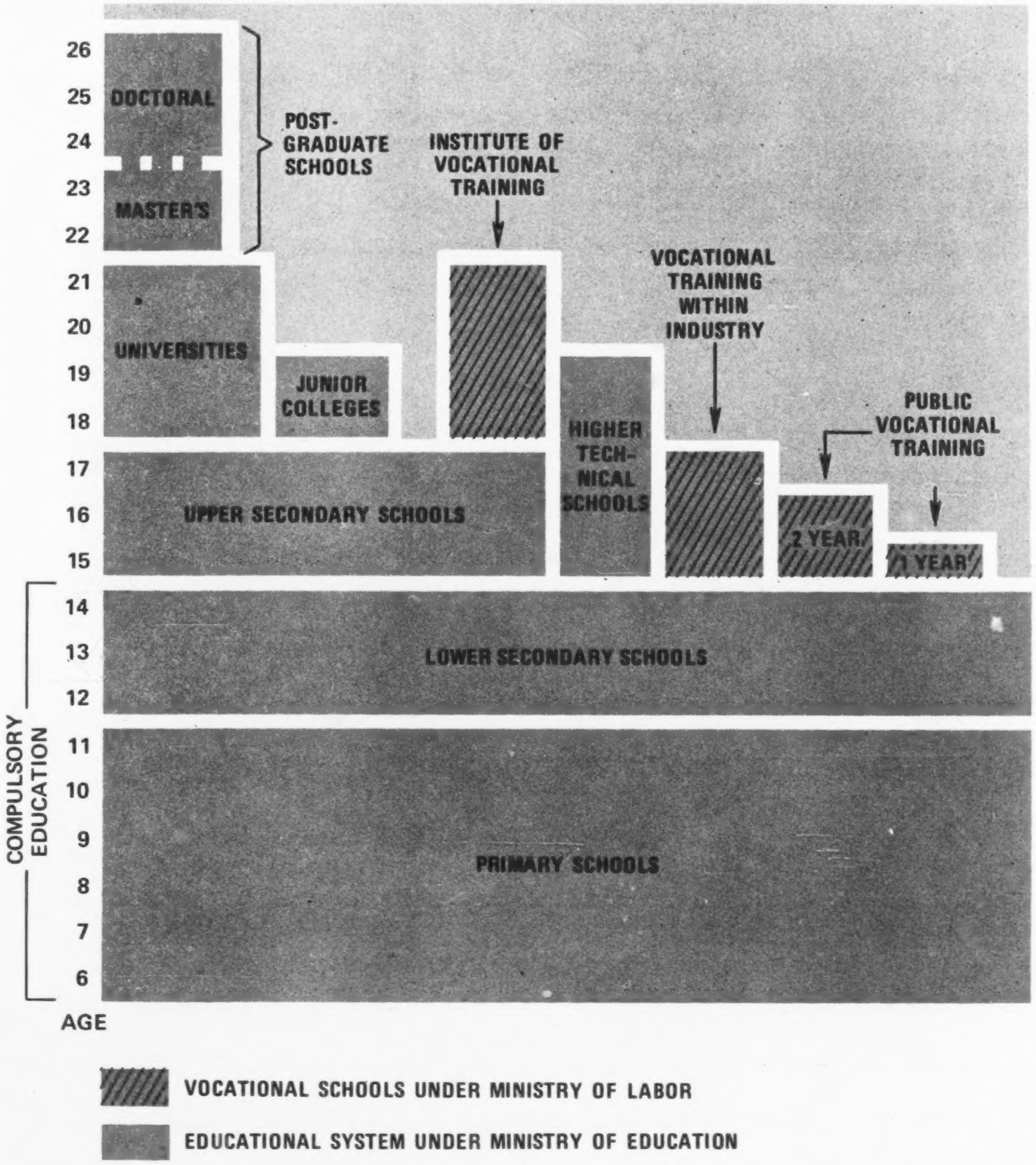
(ii) Present Situation of Education

Under the Japanese educational system, compulsory education covers nine years of primary schools (6 years) and lower secondary schools (3 years). A child of 6 enters a primary school and goes on to a lower secondary school at 12 after finishing his primary education. When he completes the 3-year lower secondary school course at 15, he may proceed to an upper secondary school. There are three kinds of upper secondary schools, namely: those with general courses only; those with vocational courses only; and those combining general courses with vocational ones. All upper secondary schools are of three years duration (in the case of full-time schools), and graduates of an upper secondary school are qualified for admission to entrance examinations to a university or a junior college (Chart 7).

In addition, higher technical schools (Koto Senmon Gakko) have been established for the purpose of instructing graduates of lower secondary school in professional arts and skills for various jobs. A higher technical school, for instance, offers instruction in engineering or the merchant marine service. The time needed for completion of these curricula is five years.

The school attendance rate of Japanese children receiving nine years of compulsory education is 99.9 percent--the highest in the world; the percentage of lower secondary school graduates entering upper secondary schools has increased year after year, reaching 75 percent in 1967; the percentage of upper secondary graduates entering universities and junior colleges has risen to about 25 percent. Human capacities, thus developed through education, have been a primary factor enabling Japan to maintain the high economic growth rate in the postwar years.

Chart 7. RELATION BETWEEN VOCATIONAL TRAINING AND SCHOOL EDUCATION IN JAPAN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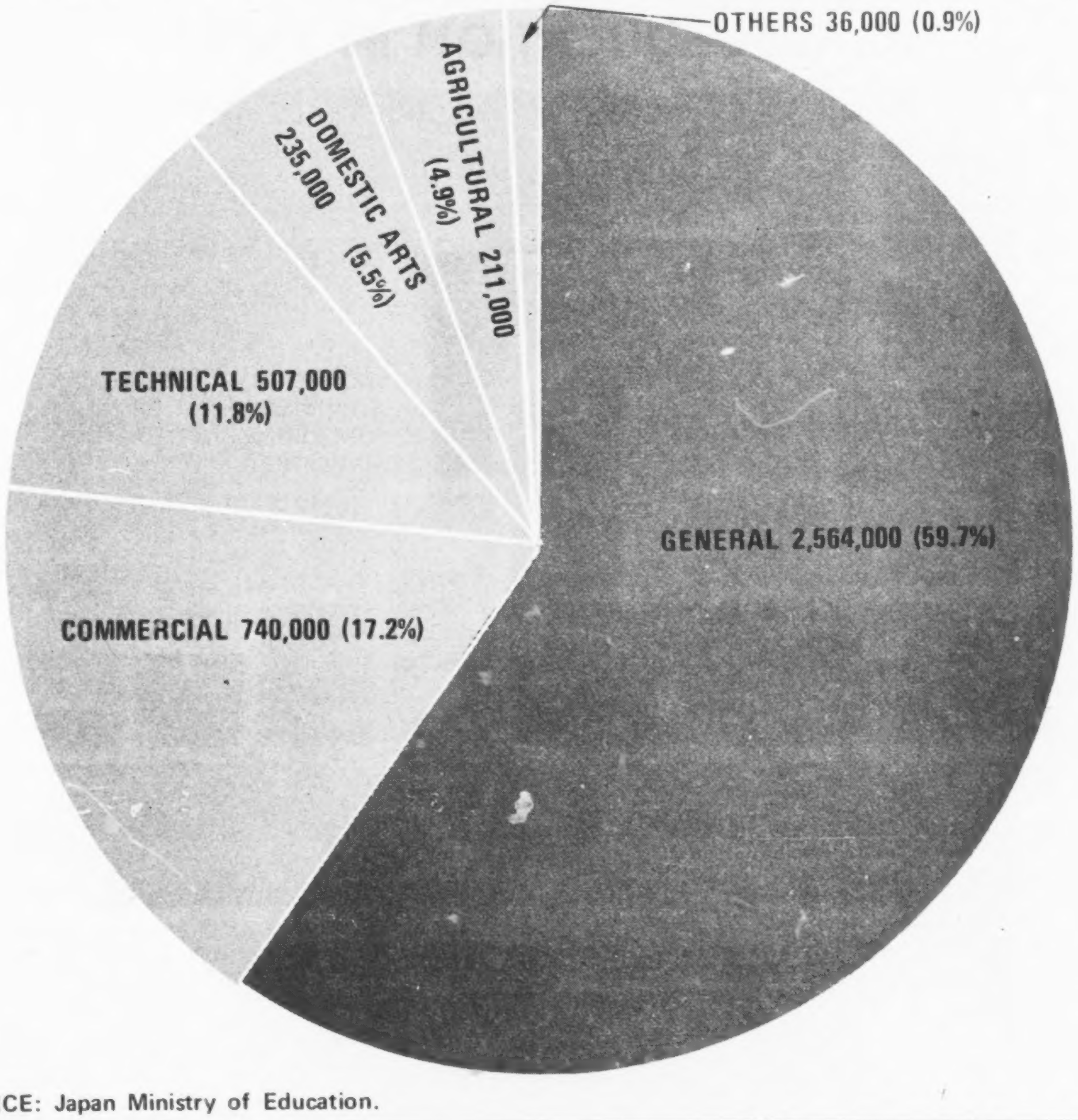
AGE
COMPULSORY EDUCATION
DOCTORAL
MASTER'S
POST-GRADUATE SCHOOLS
UNIVERSITIES
JUNIOR COLLEGES
INSTITUTE OF VOCATIONAL TRAINING
HIGHER TECH-NICAL SCHOOLS
VOCATIONAL TRAINING WITHIN INDUSTRY
PUBLIC VOCATIONAL TRAINING
2 YEAR
1 YEAR
UPPER SECONDARY SCHOOLS
LOWER SECONDARY SCHOOLS
PRIMARY SCHOOLS
VOCATIONAL SCHOOLS UNDER MINISTRY OF LABOR
EDUCATIONAL SYSTEM UNDER MINISTRY OF EDUCATION

SOURCE: Japan Ministry of Labor and Ministry of Education.

Chart 8. NUMBER OF UPPER SECONDARY SCHOOL STUDENTS, BY COURSE (1967)



SOURCE: Japan Ministry of Education.

Approximately 60 percent of the students of upper secondary schools--the nucleus of the latter part of secondary education--attend schools which aim at giving a general education. Because of the rapid change in job specifications, human capacities developed through general courses do not wholly meet the requirements of a highly industrialized society; and inconsistencies between the aptitudes and capacities of students on the one hand, and the contents of school curricula on the other, are the result. This has been pointed out by various authorities (Chart 8).

For example, the Central Council for Education, in its report to the Minister of Education, advocated the need "to reexamine how and what subjects should be taught at school from the aspects of both the contents of curricula and the teaching methods to be employed, to improve the school subjects so that they may be well adapted to the aptitudes, capacities and future courses of the students and that they may also meet the requirements of manpower for different specialized jobs in new fields, and to diversify the scope of the secondary education to be provided."

As noted above, arguments in various quarters are heard which plead for an expansion and improvement of the upper portion of secondary education, and particularly for the further development and strengthening of vocational education.

(iii) Correlated Measures between Vocational Training and School Education

Parallel to the rise in students in upper secondary schools, an increasing number of lower secondary school graduates want to receive a qualification equal to upper secondary school graduates during their vocational training studies. To this end, coordinated programs of vocational training and school education have been formulated to do this effectively. Such programs should ease the double burden of study for students who are taking part-time or correspondence courses in the supper secondary schools while undertaking training in the vocational schools.

Since fiscal year 1961, under the programs referred to above, a student attending a part-time or correspondence course at an upper secondary school, and who is undergoing educational training at technical educational facilities approved by the Minister of Education, is credited with the technical courses as part of the curriculum for the upper secondary school.

Training facilities within industry have recently received the same status as the technical educational facilities mentioned above. In fiscal year 1967, fifty-two training facilities within industry, with 8,800 trainees, had programs coordinated with part-time or correspondence courses of the upper secondary schools.

The standards for such coordinated programs have been made more flexible since fiscal year 1968 so as to include general vocational training centers and the comprehensive vocational training centers.

(2) Vocational Training Within Industry

(i) Apprentice Training

When a vocational training program within industry is initiated and its curriculum, period of training, facilities, number of instructors, etc., are approved in accord with the regulations of the Ministry of Labor, a prefectural Governor may, at the request of the entrepreneur, recognize it as a qualified scheme. The vocational training scheme so approved is called "recognized vocational training."

Recognized vocational training may last three years if, in principle, it is mainly designed to give fundamental training to lower secondary school graduates to become skilled workers.

In 1967 the number of people under the recognized vocational training was 84,000, consisting of 26,000 in independent vocational training schemes and 58,000 in cooperative vocational training schemes.

Table 14. Vocational Training Undertaken Within Industry

	Independent		Co-operative			
Fiscal Year	No. of establishments	No. of trainees	No. of organizations	No. of establishments under the scheme	No of trainees	Total number of trainees
		thousands			thousands	thousands
1961	335	23	534	31,595	45	68
1963	404	31	542	28,365	45	76
1965	446	31	602	32,151	51	83
1967	410	26	609	43,983	58	84

Source: Japan Ministry of Labor.

Recent trends show that cooperative schemes increased and independent schemes leveled off, and, on the whole, there is a lull in establishing new schemes (Table 14).

Three industries--the transport machinery and equipment manufacturing, the electrical machinery and equipment manufacturing, and machine manufacturing--account for 57 percent of the trainees under the independent schemes. In the cooperative schemes, the share of the trainees from the construction industry is 57 percent, followed by the textile goods manufacturing (20 percent) and furniture and fixture manufacturing (7 percent).

Apprentice trainees classified by major occupations are carpenters, mechanics, dressmakers, plasterers, tailors, linemen, finishers and joiners.

The present number of occupations covered in the training-within-industry program is 204.

The Central Government, the prefectural governments, and the Employment Promotion Projects Corporation provide assistance designed to encourage recognized vocational training by means such as loans of training facilities, assignment of vocational instructors, provision of textbooks and teaching and other materials as required.

The Central Government and prefectural governments may grant a subsidy for operational expenses to the organizer of a cooperative vocational training scheme for medium and small-scale firms. In addition, when a local public body establishes the facilities to be used for cooperative vocational training, the Central Government may grant a subsidy for construction expenses. If a medium or small-scale firm establishes the vocational training, the necessary funds for such an establishment may be loaned by the Employment Promotion Projects Corporation.

This is the present status of the vocational training schemes approved by prefectural governors. In addition to these schemes, there is "non-recognized vocational training within industry." Among the non-recognized schemes, about 4,000 establishments are carrying out training schemes lasting for more than six months duration. Approximately 42,000 persons attend these programs.

Recent trends in vocational training within industry indicate that the portion of upper secondary school graduates under training has been increasing and that there has been a strong demand to diversify curricula so as to cope with the qualitative changes in labor requirements resulting from technological innovations.

(ii) Further-Training and Supervisory Training

The Vocational Training Law contains provisions concerning the so-called further-training and supervisory training to be offered middle-range technical workers and foremen on shop premises. The prefectural governments and the Employment Promotion Projects Corporation are to provide assistance to such training schemes at the request of enterprises.

Accordingly, the Ministry of Labor has set up model training courses such as TWI (Training Within Industry) for supervisors, PDI (Program Development Institutes), PST (for Problem Solving Training), and undertakes to train instructors to be in charge of supervisory training courses. Besides, the Ministry is responsible for the preparation of textbooks, teaching materials and other necessary materials, as well as the introduction of case materials.

Under the formula set by the Ministry of Labor, by the prefectural governments, and by the Employment Promotion Projects Corporation, training for middle-range technical workers in medium and small-scale establishments is, if available, provided in such facilities as general vocational training centers or comprehensive vocational training centers. In fiscal 1966, there were 349 training courses undertaken, with 11,415 people in attendance (Table 15). Large enterprises are advised to undertake supervisor and advanced training independently in their own shops.

Table 15. Further Training Undertaken

Item	F.Y. 1962	1963	1964	1965	1966
No. of courses undertaken	262	306	359	394	349
No. of people trained	10,064	11,454	10,833	12,735	11,415

Source: Japan Ministry of Labor

At the Institute of Vocational Training, advanced and supervisory training correspondence courses in specific occupations have been offered since fiscal year 1966. These courses are intended to enable trainees to acquire a body of knowledge and skills to that prescribed in the standards for the 2nd grade of the Skill Test. Courses in 20 different occupations were taken by about 19,000 people between 1966 and July 1968. In addition, the Institute of Vocational Training has been offering a course in production skills since fiscal year 1966. The purpose of this course is to train skilled workers to be leaders in production at the plant level.

(3) Public Vocational Training

(i) Basic Training

Basic training is intended for new lower secondary school graduates; its objective is to make them skilled workers. The curriculum consists of fundamental training courses (for one year), or specialized training courses (for two years). In fiscal year 1967, 49,805 people were in basic training courses.

The fundamental courses are divided into two categories--full-time courses and part-time courses--but the great majority of these are full-time courses.

Ninety-eight different occupations are offered in the fundamental courses, while specialized courses are offered in 33 occupations. Many people are being trained to be mechanics, automobile mechanics, welders, carpenters, housewiring workers, wood-workers, finishers, sheet-metal workers, electronic equipment mechanics, etc. (Table 16). Fundamental courses are given free of charge.

Almost 100 percent of the trainees obtain employment after completion of training, and the volume of jobs offered graduates is about three times their number.

(ii) Retraining

By retraining is meant training programs provided for unemployed people who find it very difficult to get jobs, such as middle-aged and older workers, or displaced coal miners. Retraining is intended to fit such people for reemployment. It is now one of the measures designed to overcome the shortages of skilled workers.

Table 16. Initial Training by Main Occupation Undertaken (FY 1967)

General Vocational Training Center		Comprehensive Vocational Training Center	
Occupation	Fixed No. of trainees	Occupation	Fixed No. of trainees
Mechanics	4,075	Mechanics	2,760
Automobile-mechanics	3,430	Automobile-mechanics	1,815
Welders	2,655	Electronic equipment mechanics	1,075
Carpenters	2,365	Welders	990
Housewiring workers	1,845	Wood-workers	865
Wood-workers	1,700	Sheet-metal workers	810
Finishers	1,310	Finishers	745
Sheet-metal workers	1,245	Painters	655
Electronic equipment mechanics	900	Mechanical draftsmen	435
Radio TV repairmen	890	Wireless operators	430

Source: Japan Ministry of Labor.

Since people under retraining are unemployed, and most of them are obliged to support a family, careful consideration is given, in determining the type of job, the scope of the course, and the period of training, so that trainees may be able to acquire skills in a relatively short period.

In addition, retraining is carried out in a functional and flexible way; for instance, accelerated training is given in privately-owned training facilities, or training programs may be delegated to private organizations.

Retraining is provided free of charge. Either allowances or unemployment insurance benefits may be paid during the period of training. In 1967, 72,290 training positions (or "slots") were in such programs.

Many retrainees are being trained to be welders, automobile-mechanics, painters, sheet-metal workers, automobile-drivers, carpenters, woodworkers, etc.

Approximately 90 percent of those who have finished the retraining have been successful in obtaining employment.

Starting in fiscal year 1968 a new "Talent Course" was to be set up to give a high degree of knowledge and simple skills to those who have registered as job-seekers at the "Talent Bank."

(iii) Vocational Training for the Physically Handicapped

For the more seriously physically handicapped persons who find it difficult to receive vocational training at the General Vocational Training Center or Comprehensive Vocational Training Centers, vocational training suited to their capacities is given by 133 instructors at the ten Vocational Training Centers for the Disabled. The above training program is planned to give training to 1,520 persons annually in 79 occupations.

Approximately 95 percent of the physically handicapped persons, who finished training, subsequently found jobs.

(iv) Training Vocational Instructors

The Institute of Vocational Training has been set up as an organization to attract and provide vocational instructors and to improve their qualifications. The Institute offers two kinds of training courses for instructors: a 4-year course (120 persons per school-year) for upper secondary school graduates or persons of equal qualifications and a 6-month course (80 persons per school-year) for those who have had practical experience over more than five years after graduation from an upper secondary school.

Instructors in public vocational training and vocational training within industry must be licensed by the Minister of Labor under the Vocational Training Law. A license will be granted to those who have finished the training course of instructors at the Institute of Vocational Training; successful candidates for the examination are licensed to be instructors; persons who have finished the 35-hour training course prescribed by the Minister of Labor, after passing the First Grade Skill Tests; university graduates who hold a license to teach at an upper secondary school. A few interim measures have been adopted in addition to meet the exigencies of the present situation.

The current number of instructors in public vocational training is 5,596; the number of instructors in vocational training within industry is about 37,700.

In public vocational training, measures have been taken to give instructors certain privileges and to provide special allowances, in order to attract able instructors.

(4) Skill Tests

The Skill Test is to test the degree of skill of a worker according to recognized standards and to certify his skills officially, and is intended to improve the status of a worker as well as his skills.

The Skill Test is carried out as a national test under the Vocational Training Law. The Test is divided into two categories, i.e., first grade and second grade, in each job classification designated by the government ordinance. In principle, a person cannot apply for the first grade examination unless he has completed 5 years after his success in the second grade examination. The First Grade Test is to be undertaken by the Minister of Labor, while the Second Grade Test is given by the prefectural Governors, with authority invested by the Minister of Labor.

The test consists of two parts--subject examinations and practical test. The practical test is undertaken with the cooperation of private organizations. Those who are successful at the test will receive a certificate and are entitled to call themselves a "Ginōshi" (an officially recognized skilled worker).

About 230,000 first grade and second grade "Ginōsh's" have come into being up to fiscal year 1967 since the establishment of the system in FY 1959. In FY 1967 the above Test was carried out in 54 different jobs; the number of applicants and those who have passed the test are as follows. (Table 17).

Table 17. Skill Tests (FY 1967)

Grade	No. of applicants	No. of persons who passed the test	The rate of No. of persons who passed the test to total No. of applicants
	persons	persons	
First Grade	38,449	17,881	46.5%
Second Grade	44,775	11,754	26.3%
Total	83,224	29,635	35.6%

Source: Japan Ministry of Labor.

In addition, the Skilled Worker Commendation System was established since FY 1967 in order to further encourage the prestige of skills in society. Under this award, the Minister of Labor will commend officially those skilled workers, in different jobs, who have developed their skills exceedingly well and are an example to other people. In January 1968, ninety-three skilled workers were commended officially under this system.

(5) Problems of Vocational Training System and its Future Direction

About ten years have passed since the Vocational Training Law was enacted in 1958 and the present vocational training system was initiated. It is necessary to make a searching review of the existing system, in the light of recent developments such as the transition to a labor-shortage economy; the more elaborate and longer years of schooling; and the change in skill requirements as a result of technological innovations. To this end, the Central Council for Vocational Training, an advisory body associated with the Minister of Labor, has conducted research for more than a year. In July 1968 it produced a report which recommended a basic policy to be followed in revising the vocational training system. The Ministry of Labor has been preparing changes in the system in conformity with this report. The gist of the report is as follows.

(i) In Japan, where the trend of public thought is still to attach too much importance to school careers and to make too little of skills, people are reluctant to remain skilled workers. It is, therefore, necessary to change this inclination so that people may take pride in becoming skilled workers. On the other hand, skills once acquired rapidly become obsolete through technological innovations. To deal with such situations, a coherent vocational training system should be established under which a worker can receive systematic training, step by step, according to the varying needs of his whole professional life, and he can aim at perfection, and become a worker of a new type, one which combines skills with brains.

(ii) Vocational Training within Industry has shown a tendency to level off in recent years, and proper measures are called for to reverse this trend and to increase participation. For this purpose, voluntary systems for the promotion of training should be established in industries, and a closer relationship between vocational training within industry and public vocational training should be created.

(iii) Every effort should be made to create an environment where a working youth is encouraged to choose his job according to his aptitudes, to receive vocational training to develop his individual capacities, and to engage in his productive activities with ambition and pride.

(iv) The proper evaluation of a worker's capacities and rewards which reflect his worth, are problems which must be solved before one can expect a worker to develop his capacities proudly and apply them to the full. To this end, the Skill Test System should be improved and strengthened. To be more concrete, the Skill Test should be strengthened by increasing the number of occupations embraced in the Test and by making arrangements to hold the Test as often as the occasion arises. At the same time, a review should be made of the present grades in the Test. Moreover, closer links between the Skill Test and vocational training should be promoted.

(v) To win greater public acceptance of the importance of skills, appropriate measures should be taken to raise the social and economic status of a skilled worker, together with such measures as the improvement and expansion of the vocational training system and the Skill Test.

CONCLUSIONS

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Postwar developments in the U.S. and Japan leading to the present focus of employment and manpower policies, which are concerned with potentialities of the individual as well as the better functioning of the economy, have been somewhat but not greatly different in the two countries.

Each country has aimed to raise its growth rate to improve the economic foundations for social welfare and national interests. In Japan, modernization of the industrial structure and a flow of workers to the new and more productive sectors of employment, have been central objectives. For while Japan is achieving a rapid rate of industrial development, modernization and realization of human capacities are matters of urgency in view of the country's limited natural resources and dependence on international trade. The United States has striven to strengthen its economic base by efforts to maintain demand at full-employment levels and to achieve a better adaptation of labor to job opportunities through training and other manpower measures.

Japan is confronted by a need to continue the movement of workers to more productive employments by means of a very high rate of capital investment in the modern sectors. At the same time, continuing shortages are foreseen, and there is need to take steps to assure, in additional ways, that available workers (older workers and women workers, for example) are employed efficiently, to contribute to their own well-being and the potential of the economy.

The phenomenon of labor shortages in the United States is not the result of a slackening in the availability of workers. For there has been a continuing increase in the rate of growth of the labor force and, although fertility rates have diminished since the 1950's, there is little likelihood that demographic factors will create any serious problem in terms of numbers. Labor saving continues apace with progressive advances in technology. The problem, now that there is less concern about maintaining a high level of demand, is to avoid wastages in human and material potentials from lack of adaptability of ill-trained and disadvantaged workers for job opportunities in specific shortage situations.

The problem of labor shortages, as seen from somewhat different perspectives in the two countries, has led to reexamination of educational and training systems, for both the needs of the individual and those of the economy. In Japan, as some basic conditions that had hitherto been supporting rapid economic development--such as abundance of manpower--have been changing rapidly, there is growing need to reverse tendencies toward the denigration of practical work, and a growing policy interest in vocational training to meet the increasing demands for skilled workers and the requirements of technological innovation.

In the United States, labor shortages coexisting with considerable unemployment have led directly to new public training programs for the disadvantaged, who have been left outside the mainstreams of opportunity in part because of lack of education and training for work.

While general education in the public high schools continues to have approval in the United States as the basic preparation for working life, especially because of the adaptability it gives individuals for meeting the requirements of a changing technology, there is growing recognition of the need for a more explicit vocational orientation, to help bridge the gap from school to work, and for improvement of the vocational and counseling institutions. In this and other respects, the Employment Promotion Projects Corporation of the Japanese Government merits careful examination by the United States.

One special problem shared by both countries is the older worker. The employment problems of older workers are more serious in Japan, where the conventional retirement age is still about 55, despite increasing longevity, or about 10 years lower than the conventional 65 in the United States, and where there is a marked preference for younger workers. However, it might be observed that the severe shortage of personnel in Japan is forcing a reexamination of employment practices in not a few firms.

The seniority system in the United States, to the extent it exists, does not provide job security in the case of many older workers. Difficulties experienced in finding reemployment because of age discrimination have led to anti-discrimination legislation in the United States to protect older workers. Retirement from regular or full-time work to a "retirement job" is a common, growing phenomenon both in the United States and Japan. The Talent Banks in Japan for professional, technical and managerial personnel, usually retired workers, and the special U.S. employment office services to older workers, warrant closer study in the two countries.

The question of the employment of women remains one of great interest in Japan and the United States. In both countries the question should perhaps be put whether women workers can be used more productively and more in accord with their capacities and their desires. American experience seems to suggest that work outside the home is desired by an increasing number of women and that, on balance, is probably good for family life and children. However, child-care facilities in the United States and Japan, despite some recent gains, continue to be inadequate.

The employment of handicapped persons is desirable, of course, not only for the improvement of their welfare but for the economic development of both countries as well; in this respect, some progress has been made in Japan and the United States in getting employer acceptance of the handicapped. The degree of interest shown in the United States by high government officials, including the President and Congressional leaders, and by representatives of industry and labor, the universities, and broadcasting and journalism, is especially noteworthy.

But the most striking difference between the two cultures is the status of youth. There is little unemployment of young people in Japan, whereas in the United States, at least in the age range of 16 to 19, it constitutes a grave social problem. The path from school to work in Japan is comparatively smooth. Generally the demand for new graduates is so great that there is little difficulty for the new graduate, at any level, in finding a first job.

Perhaps the essential difference is that in Japan the young person is sought after as an intern for the future; typically in the United States he competes for many types of employment on the basis of what he is worth to the employer in the short-run. In the case of college and many high school graduates, the employer competes in ways similar to that in Japan.

The two countries, with their different cultural traditions, afford each other experience for possible modifications of their respective employment systems, particularly as they relate to mobility, on the one hand, and to social stability and equilibrium on the other. In Japan there is growing interest in enhancing the mobility of workers--in the interest of a better job for the individual, more rational inducement of labor into productive employment, and realization of workers' potentialities in the economy--by modifying both the traditional systems of life-time employment and wages based on seniority. Under the pressure of shortages, the labor market in Japan has become much more open than before; there are in fact many tendencies in the direction of the American model of mobility and flexibility, which are viewed as important for a restructuring of the Japanese system.

Fringe benefits in the American system may be a substitute in part for the security afforded by the Japanese system. But the impersonality and the insecurities of the highly mobile and rational American system, which generally take no account of individual or family circumstances, may need further modification in the interest of social policy considerations in the United States. The present study is suggestive of some economic and social advantages in a marrying of some of the characteristics of the two systems, to the gain of each.

Both countries have begun to be concerned with problems of underemployment, monotonous work, and job satisfaction. In Japan, survey procedures probing underemployment have been the subject of continuing improvement, and an Experts' Council on Monotonous Work has been created. In the United States, disaggregation of labor force data, particularly as to unemployment, and new procedures for measuring sub-employment, as well as new research on job satisfaction and underemployment, have been initiated. Both countries have begun to install computer centers for employment service and unemployment compensation operations, with plans to extend these systems also to research activities.

For the future, it is hoped that the results of the present study will contribute to mutual understanding between the United States and Japan and encourage further exchange of experience.

In summary, the present study appears to project four main lines of policy developments now present or emerging in the employment and manpower policies of the two countries:

(1) Strengthening of the relationship between employment and general economic policies;

(2) Positive efforts to promote mobility and the potential of workers in the interest of better utilization and the widest possible opportunity for advantageous employment for individuals;

(3) Training and preparation for work for individuals and groups who otherwise would not be able to participate in or contribute to the rewarding activities of economic and social life;

(4) Closer collaboration between government and private groups to provide every age group with the training necessary for individual skills and development of individual personality, and for adaptation of the labor force to the changing requirements of the economy.

These developments combine to describe what is now the intent of policy in the United States and Japan: the opportunity for every worker to strive to realize his best capacities and to contribute to the social and economic life of his country.